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Central Eurasia
SUPPLEMENT
Yeltsin Annual Message to Federal Assembly

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CENTRAL EURASIA

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Text of Yeltsin Annual Message to Federal Assembly

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[Russian President Boris Yeltsin's annual message to the Russian Federation Federal Assembly: "On the Effectiveness of State Power in Russia"; document is signed by Russian Federation President B. Yeltsin and dated Moscow, the Kremlin, 16 February 1995]

[FBIS Translated Text]

Introduction

A year ago the president of the Russian Federation delivered to the Federal Assembly for the first time a message on the Main Trends in the Domestic and Foreign Policy of the Russian Federation. It articulated the strategic objectives of Russia's development and set the tasks for 1994.

What does Russia look like a year on? What has changed in our life? What has it proved possible and not possible to achieve? It is hard to give unequivocal answers to these questions. The past year can with every justification be described as a **year of contrasts.** It included the signing of the Treaty on Social Accord and at the same time the social tension in spring and late in the year, the conclusion of treaties with the republics on the demarcation of areas of jurisdiction and mutual delegation of powers, the armed rebellion in Chechnya, the dramatic fall in inflation in the summer, and October's "Black Tuesday."

By adopting a democratic constitution for the first time in its history Russia was not beginning life "with a clean sheet." The entire burden of the past is still with us.

Russia is moving from one historical era to another at a speed comparable to the lifetime of a single generation. The fast pace of the transformations often leads to problems.

The old technology of power based on ideological and political coercion is giving way with difficulty to modern methods and approaches.

Rule by directive [direktivnoye upravleniye] rather than the rule of law still prevails. The cadre renewal of the state apparatus with competent people with modern ideas is meeting with tremendous resistance. The authorities and their representatives have still not learned to be open and comprehensible. The result is that state institutions and their representatives lag behind the flow of new problems and tasks. This directly affects the quality with which the mechanisms of power function and results in inaccurate decisions.

Last year Russia continued to live **in a rarefied legal area.**

The number of laws which the country needs exceeds many times over the number that have been adopted. The legislative process is often overwhelmed by political struggle.

New legal customs have not taken shape and legal culture is poor. It is important to realize that respect for the law in society will only take root once the authorities respect the law.

The judicial system has not yet become an equal, truly independent and authoritative branch of power. The Constitutional Court has been inactive for a year. The principle of the direct application of the Constitution is virtually not being implemented.

A decade is coming to an end which has split the lives of the present generation into two eras. While transforming the political system, the economy, and public consciousness, we have not hitherto been able to escape from the burden of former prejudices, ideological dogmas, and standards of political action.

The quest for models to imitate or attempts to form and urgently implement our own ideal model for social development are continuing.

The old myths cannot be overcome overnight. Most of Russia's citizens grew up and were raised in another world, which was radically different from the one that we are entering.

Our civil society is only in the formative stage and has still not become an effective monitor [kontroler] of state institutions. Like the new authorities, it has suffered growing pains.

We still do not perceive the state as one of the most significant achievements of world history and social culture. Without it civilized human communal life is impossible. A state does not only mean the institutions of power and the officials employed therein. It is primarily a political organization of all the country's citizens, their joint asset and common cause. That is why opposition to statehood as such is extremely dangerous.

Early in the century the idea of freedom and justice was set against the idea of statehood in Russia. And this confrontation was taken to such an extent that the existing state system was overturned and a state based on political terror arose from the ruins. The danger of this mistake is also recurring today. The idea of statehood is being set in an equally furious and unheeding way against the principles of observance of human and civil rights and other democratic values.

Some political forces are not ceasing their attempts to "bring down" the government and provoke the "dissolution" of the State Duma and are demanding over and over early presidential and parliamentary elections. The traditional "quest for enemies," social and political intolerance, and the unscrupulous choice of methods are, like it or not, undermining the very foundations of the country's viability, its security and integrity.

In these conditions responsibility for the fate of the country rests equally with state institutions and society.

A constructive stance is one which expresses **civic spirit,** that is, active conscious participation in the affairs of the

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state, the use of all the rights and freedoms guaranteed by the Constitution, and at the same time the voluntary fulfillment of one's constitutional obligations.

The experience of the last year has shown that the main objectives in the development of society and the state as defined by the first Message were accepted by various political forces. That is no coincidence since the central theme of the Message—the strengthening of the Russian state—was based on the fundamental legal, democratic, and federative principles of the Constitution, on its main tasks—the defense of human and civil rights and freedoms, the creation of the conditions to ensure a worthy life for and the free development of Russian citizens, and the strengthening of Russia's position in the outside world and its security.

It is now clear that one can define the general positions and articulate the most important, socially significant goals. **But no matter what goals society sets the authorities, their implementation depends on the effectiveness of state institutions, on their ability to find timely and correct answers to the most acute questions of social development within the framework of the law.**

To this end the following are essential:
- **—the radical transformation of state practice and cadre policy, and unswerving observance by the state's representatives of laws and ethical norms;**
- **—a dramatic increase in the quality of lawmaking activity;**
- **—the development of a practice for the administration of laws which would ensure the direct application of the Constitution, primarily in the sphere of the defense of Russian citizens' rights and freedoms.**

The year 1994 has ended. It is hard and probably not necessary to try to determine who, which branch or organ of state power, made the greatest positive contribution or, on the contrary, is more to blame than the others for the fact that it has not proved possible to accomplish much of what was planned.

Something else is far more important, namely to produce an objective assessment of the experience of 1994, to find a common understanding of the problems of 1995 and the ways of resolving them, to muster the political will, and to act in a coordinated manner.

In accordance with the powers laid down in Point "f" of Article 84 of the Russian Federation Constitution I address my annual Message on the situation in the country and the main trends in domestic and foreign policy to the deputies of the Federal Assembly's chambers and to all Russia's citizens.

Chapter 1: Safeguarding Sovereignty, Independence, and Integrity

1.1. The Economic Potential and Future of Russia

Russia will have not have any reliable guarantees of its sovereignty, independence, and integrity before it overcomes the economic crisis.

Financial stabilization, the growth of savings, their transformation into investment, the revival of production and positive changes in its structure, and improvements to the quality of citizens' lives—this is the road to economic improvement and the way to reach the stage of a steady upturn. A certain part of the way was traveled in 1994. It was less than was indicated in last year's Message.

The 1994 Message was the **first strategic document** stemming from the new Constitution. The resolution of a number of tasks within it—such large-scale tasks as restructuring or the creation of a securities market, for instance—will take more than one year. How close the economy has reached the goals defined by the 1994 Message—that should be the most important criterion for assessing its fulfillment.

The past year has brought results which cannot be unambiguously assessed. In certain areas the progress was tangible, in others it was unnoticeable—we were even unable to avoid some backtracking.

But, on the whole, **1994 was not lost to economic reform.** Although the start of last year was marked by a sharp fall in production, signs of stabilization then emerged. And not only in extractive sectors, but in certain processing sectors of industry as well.

Annual inflation was three times less than it was in 1993, and almost seven times less than it was in 1992. The relatively tight controls over the size of the federal budget deficit, the abandonment of soft loans, and the introduction of real interest rates by the Central Bank had an effect.

As a result savings grew substantially and, consequently, **the financial prerequisites for improving investment activity** emerged.

Large-scale **privatization** was carried out within a tight schedule. By the end of 1994 more than 110,000 state and municipal enterprises had changed their form of ownership. The nonstate sector, producing 62 percent of GDP, now dominates the Russian economy.

Privatization has given a powerful boost to the development of a securities market. In 1994 the volume of state treasury bonds alone increased almost 90-fold to around 28 trillion rubles [R]. The potential of the market for shares in privatized enterprises is great.

Market infrastructure (banks, trading, financial, and insurance companies), which used to be very weak, made rapid progress. Largely for this reason the share of services in GDP has increased from 30 percent in 1989 to 51 percent in 1994.

The economy has become more open. The motivation for economic activity has changed substantially.

In 1994 there was also progress in the direction of other goals set out in the Message:
- —Part One of the Civil Code (the legal basis for the market economy) was adopted;
- —work was launched to identify and reorganize insolvent enterprises;

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—the system of unjustified individual concessions on tax and customs duty payments began to be eliminated.

But it has to be honestly admitted that **a great deal of what was envisaged by the Message has not been carried out**—not only because of the long-term nature of the problems facing us.

Considerable reserves for the creation of new legislation remain unused. There is still no modern land, taxation, housing, or labor legislation or laws on banks, joint-stock companies, or the securities market.

A series of presidential edicts was adopted in order to close the yawning gaps in the legislative fabric and to ensure a normative base for the resolution of the most acute socio-economic problems. But the economy should be regulated not by edicts but by laws. Most edicts will lapse when the corresponding laws come into force.

A lot of mistakes have been made by the government as well. It has not proved possible to take advantage of the relatively favorable economic situation that had emerged by last summer, or to begin the mass transformation of savings into investment. As a result, a number of industrial sectors—particularly in the high-tech field—have found themselves in a very difficult position.

Although the positive trend toward a fall in inflation continued for a relatively long time, it did not persist all year. A sharp fall in the ruble rate was allowed to occur, and the rate of price growth had increased again by the year's end.

The selective structural policy stated by the government did not go ahead owing to an acute shortage of budget resources. The ideas of transforming the economy through the selective funding of projects in "growth spots" remained unimplemented.

There are still no modern markets in land and real estate. It was only recently that we embarked on the regulation of the securities market. To all intents and purposes we have been unable to simplify the procedures regulating the creation of new enterprises.

As a result, the market's creative energy has to a considerable extent been unutilized.

Despite certain positive changes, an effective system for running enterprises belonging to the state has not been organized.

We are having to pay for the slow progress of agrarian reform in the shape of a severe crisis in agriculture. The elaboration and adoption of the Land Code have clearly been delayed.

As before, the tax system is failing to stimulate investment and production. The intolerable mass concealment of income from taxation continues. Financial discipline is poor, and this, together with inflation, has been one of the main reasons for the continuing defaulting crisis.

Foreign trade regulations have been broken—primarily in the export of energy sources and nonferrous metals—and the shortfall of foreign-currency revenue from exports of goods and services remains high.

The growth of organized crime, corruption, and the criminalization of enterprise continues to pose a serious threat to the Russian economy and society.

Among the main reasons for the failures of 1994 were:
—the lack of synchronization between market processes and the state's actions: In certain cases the authorities lagged behind market dynamics, while in other cases, when market transformations should have been tightened up, they were unjustifiably sluggish;
—the low level of effectiveness of all branches of power, resulting in the nonfulfillment of a number of important decisions and the nonutilization of numerous reserves for reform;
—the serious error on the income side of the budget, which forced the government to conduct economic policy in the context of an acute shortage of financial resources.

In 1995 it will be necessary to make progress in earnest toward financial stability, to preserve and stabilize savings, to achieve an increase in investment activity, and to turn the structural crisis into a controllable process. It will be necessary to ensure predictability in the economic situation, give enterprises a chance to plan their investment, and, in short, **normalize the economic climate.** Only then will the accumulated financial capital start working for the needs of production.

The task for 1995 will be to shape the initial conditions and the potential for the future of economic growth. From survival to development—that should be the watchword of reform. This year we need to build a bridge between the inflationary past and the investment-led future.

Unless we do this, we will be losing time unforgivably. Then it will be impossible to avoid a prolonged depression that will turn the country into a raw-materials appendage of the world economy, or to preserve the scientific and technological base needed for economic development.

We are faced in 1995 with problems equal in terms of their complexity and scale to those we had to tackle at the start of 1992. The serious task is to get through the transition to financial stability with minimum losses. The high-inflation economy, which has produced certain stereotypes of behavior in all of us (producers, consumers, and the state), is one thing; a low-inflation economy, which will require a fundamentally different psychological attitude and fundamentally different tactics, is quite another.

While considerable experience has been built up in the sphere of financial and monetary policy during the years of reform, the potential for growth in conditions of the market economy has to be formed virtually anew.

Financial stabilization and strengthening of the ruble are the main precondition.

Consistent reduction of the level of inflation occurred in the period lasting from the fall of 1993 to the end of summer 1994. Prices have been going up again since September 1994.

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Taking a crucial step toward completing financial stabilization, suppressing inflation, sustaining real rates of interest, and strengthening the ruble constitute a very important task for the government and the Central Bank in 1995.

Two serious attempts to halt inflation were made during the years of reform—in the first half of 1992 and at the end of 1993 and start of 1994. For various reasons they were not seen through. The third attempt must be successful.

Substantially reducing inflation and rendering it predictable is the target guideline for 1995. If we meet this condition we will be able to start realistically creating the potential for economic growth.

Only then will production investment become effective; will enterprises with a long production cycle start to operate steadily, and it is they which largely determine Russia's scientific and technical propects; will enterprises' working capital stabilize, and consequently a very difficult problem which has been sapping Russian industry throughout the reform years be resolved; will favorable conditions for retooling home industry emerge; and will real recovery of the financial market, which will be shifted away from short-term speculative operations toward mobilizing savings for long-term investment projects, occur.

Beating inflation and achieving financial stabilization is a task within our powers. It is also clear that checking inflation at the cost of deferring budget payments yields a temporary and, on the whole, illusory result.

Only very rapid adoption by the Federal Assembly of a realistic budget, covering the budget deficit by noninflationary means, securing the maximum receipt of resources on the revenue side, and ensuring coordinated action between the government and the Central Bank will yield real success. Tough control over the targeted use of budget resources is necessary. The main role here belongs to the federal exchequer.

Unlike last year, the state must in 1995 meet its financial commitments without fail. At the same time no institution of state power—be it the Federal Assembly, the government, or the president—is entitled to make decisions which undermine the budget and intensify inflation. If discipline is tightened up, it must be at every level of power; if savings are made, they must be made by all without exception.

It will then be possible to count on reducing and stabilizing inflationary expectations. It is time to get used to it: There is no more "easy" money to be blown into our pocket or accounts by the crazy winds of inflation; there is and will only be "hard-won" money, money earned by labor.

It is not enough, however, to achieve financial stabilization. It is also necessary to know how to employ the fruits of it with the ultimate aim of not just stabilizing production but improving its efficiency. **Efficient prodiction** is a most important element of economic growth potential.

The Federal Assembly must expeditiously adopt amendments to the law on foreign investments.

The approach to foreign investments will be determined by how far they assist in forming the potential for growth of the Russian economy. This is where the **long-term national interest** lies. It is this which should be the guiding light when elaborating the "rules of the game" for foreign investors, including those participating in privatization.

We need only serious, reliable partners working for the future and not damaging the national interests of the country.

This year a **Tax Code** must be elaborated and adopted. Its task is to stimulate investments and production while safeguarding in full measure the revenue section of budgets of all levels.

There are plans for the gradual abolition of individual concessions on payments to the federal budget. Indulgence should be granted only according to the law, in a uniform procedure, and openly, so it can be clear who is benefiting, on what grounds, for how long, and on what terms.

While helping the stabilization of production, investment activity by no means guarantees long-term positive changes in its structure. And without these, the potential for economic growth will not be created. There is still some time before high-tech sectors become attractive for private investors. It would be hasty to place our hopes here on market forces alone. State support is required.

It is time, in 1995, to begin a **strategic structural maneuver.** Its ultimate aim is to bring about a relative reduction of the raw material sphere of the economy by means of an increase within the structure of GNP of manufacturing industry's share, especially its science-intensive part, the services sphere, and intellectual activity. Then it will be possible not only to move onto the stage of economic growth, but also to accord it a **modern quality.**

Long-term federal programs will help the matter. Not programs like the ones we have now, which are spread across the whole economy, but ones which are closely forged around the main task—forming the potential for economic growth. There must be far fewer programs, and their quality must be far higher.

In 1995 the government and Federal Assembly must begin to advance in three main directions.

1. **Technological modernization of the Russian economy.** The aim is to replace the major losses of fixed capital incurred during the period of the current crisis, and to create the preconditions for stable growth of the Russian economy at the end of the 1990's.
2. **The strengthening of the national industrial infrastructure.** The accumulation of resources, including budget resources, with the subsequent channeling of these into financing federal roads, ports, airfields, transport, and telecommunications systems, will endow economic growth with the necessary sustainability and help resolve the problem of unemployment.

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3. **The development of exports, particularly of science-intensive products.** This will help to broaden domestic demand, render economic growth noninflationary, and give impetus to investments and production not only at enterprises geared to exports, but also at those which stand behind them in the technological chain. It is necessary to gear ourselves to sectors of the economy possessing unique high technologies and having a potential competitive advantage on the world market. There are many such enterprises in our country.

In 1995 we will be preparing to set in motion a **mechanism of state orders** which has proved itself in many developed countries. With time it will become an active lever of structural policy. The state orders being formulated by federal departments, regional administrations, and organs of local self-government will make it possible to actively influence investment demand. Acting within the framework of the budget, and using the mechanism of contracting, the state will open out bottlenecks in the economy, and support science-and-technology and innovation programs and projects, the infrastructure of the national economy, environmental and conservation measures, health, and education.

An important mechanism of structural policy is **the stimulation of intersector capital cross-flows.** This presupposes the creation of a reliable legal base and organizational foundations of a market trading in securities from nonstate enterprises, banks, and financial companies, especially the secondary sector of this market.

The structural turning point envisioned is impossible without **state support for industry** at federal level and in the regions.

It has to be admitted that organs of power in the center and in the localities are tackling this task unsatisfactorily. A relatively small amount of state finance is being distributed among a large number of enterprises, which is leading to general underfinancing.

The continuation of state support for inefficient production units will kill the economy. Federal and regional budgets will not be able to withstand the heavy loads. In 1995 resolute measures will be taken allowing us to put an end to this situation.

The entire system of state support is in need of fundamental changes. Its strategic points of reference must be promising projects and programs securing the mobilization of real, effective demand and vital science-intensive and high-tech production units and collectives working in critically important areas.

Strict control to ensure use as intended, and the accountability of the recipient for the obligations undertaken, comprise the indispensable terms for offering state support in any shape or form.

Russian **scientific and technical potential** must become a natural target for state support.

Our scientists obtain first-class results, and they are behind the creation of many samples of new products which are competitive on the world market but which, as in previous years, are frequently left unclaimed by our industry.

The government and the Federal Assembly have to elaborate a normative base stimulating innovative activity and bringing investment into the sphere of science and technology. With the help of budget finance, it is essential to support research guaranteeing the creation of new technological structures, top national science schools, leading scientific and technical centers, and a research and development information infrastructure.

Targeted action will be taken to preserve **science-intensive production units.** Above all, this means a fully financed defense order, the implementation of decisions on setting up state enterprises, and the concentration of defense output at just a few enterprises. It is no less important to learn how to use budget resources sensibly, sparing the defense complex from old structural imbalances.

Leasing and other mechanisms of support for high-tech industry will also prove useful. Other development resources include well-planned privatization with the subsequent involvement of funds from the stock market and exports backed up by state support.

The integration of financial and industrial capital will help to preserve science-intensive industry. This is a natural process, and slowing down **the creation of financial-industrial groups** is not only harmful but nonsensical. The problem of financial-industrial groups, however, is not one of the most straightforward.

In 1995 we will construct state policy in such a way so as not to create a barrier on the path of forming effective financial-industrial interrelationships. At the same time we cannot allow financial-industrial groups to be turned into a factor for monopolization of the economy, a means of gaining concessions and "cheap" state money for inefficient projects.

The **agricultural sector** cannot get by without state support either. In a country like Russia, this support will be there for a long time yet.

Direct state support will be geared to the infrastructure of the agrarian sector and programs defining the potential for its development (selection, gene pool, high-yield crops, and so on).

In the transition period the agrarian sector needs sensible defense not only from foreign competitors, but also from homegrown industrial monopolists.

But state support must see returns—in the form of solid work on the part of the agrarian sector on the basis of market mechanisms, and a worthy standard of living for the rural population. As yet we have neither. And it is not only the peasant who is to blame here.

1995 must become the year of real agrarian reform. **Your own farmstead on your own land—this is its long-term guideline.**

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Modern land legislation is urgently needed. The legalization of the land market and its effective state regulation are only possible on its basis. Only those who use the land as intended are entitled to become proprietors, to own land.

A mixed agrarian economy, in which there is a place for private farms, renovated kolkhozes and sovkhozes, and personal plots, matches the realities of Russia.

Other tasks for 1995 include:
—the formation of a system of land banks and other elements of a market infrastructure;
—overcoming local monopolism in the sphere of processing and agricultural services;
—the creation of an effective mortgaging mechanism for land;
—the "scrapping" of chronically loss-making farmsteads, followed by recapitalization and a change in form of ownership.

The **social sphere of the countryside** has ended up in a difficult position. Out of 150,000 Russian villages, only around 10,000 are properly catered for. It is planned not only to create favorable economic conditions to increase the incomes of agricultural commodity producers, but also to guarantee social protection for the rural population when forms of ownership change.

Positive structural advances in Russia's economy are unlikely to become a reality without success in attaining a drastic **strengthening of financial discipline.** Mutual nonpayments continue. A reluctance or inability on the part of the managers of a number of enterprises to work in the tough conditions of a market economy, and the lack of accountability for the financial outcome, were factors inciting the rise in mutual nonpayments. Nonpayments—this is a means of survival, advantageous primarily to uncompetitive enterprises, a means of exerting pressure on the state with the aim of forcing it to give such enterprises support. In a number of cases, nonpayments have become a mechanism serving the mercenary interests of economic managers.

The Government Commission for the Problem of Nonpayments is as yet functioning unsatisfactorily.

The act of surmounting the nonpayments crisis entails the implementation of structural overhaul of individual enterprises and the entire economy and the implementation of the bankruptcy procedure for inefficient and insolvent enterprises.

In 1995 the **course toward integration of the Russian economy into the world economy** will be continued. There is no future in fencing ourselves off from it, as this contradicts the interests of the country and seriously complicates the formation of the potential for economic growth.

As in other countries fully participating in world trade, a proportion of the domestic Russian market will be filled with foreign commodities. There can be no other way. That a process of sharing the market between national and foreign producers must be implemented is another matter. What we need is a long-term state strategy for regulating the domestic market and active talks with Russia's leading trade partners on the mutual opening up of markets.

Today the main thing is to guarantee the requisite protection of the domestic market with the help of tariff and nontariff, mainly economic, methods. This tactical maneuver does not contradict the long-term policy of gradually reducing the rate of import tariff duties in step with the growth of the competitiveness of domestic production.

Those sectors of the economy which are in a state of chronic crisis and which will take a long time to emerge from it are in need of protection above all. This applies to the agricultural sector, for instance,. It is wrong to close our eyes either to subsidization by the governments of certain countries of exports to Russia, or discrimination against our produce on foreign markets. We will give the proper response to actions impinging upon the interests of our country.

The protectionist regime being introduced in certain cases must be temporary and encourage not a preservation of the past but rather an increase in the competitiveness of national output. Russian producers unable as yet to withstand competition with importers will have to assimilate new techniques with determination: The state will give them time for technological modernization, but it will not protect them forever to the detriment of consumers.

Flexible regulation of the currency rate and its synchronization with the dynamics of inflation and the money supply will become a powerful reserve for the defense of the domestic market.

To this day the problem of **exporting capital from Russia** remains unregulated. Stringent customs, banking, and currency control has yet to be established. However, it would be a simplification to reduce the matter to administrative measures alone. The problem is far wider.

Today it is essential to do everything possible in order to attract capital to Russia and to get the investment process organized.

It is necessary to think of the future. Russian financial-industrial capital stands on the threshold of qualitative changes in economic behavior. Already now, its resources are so great that they need new spheres of application—not only in Russia, but also abroad. This is a natural process, witnessed in its time in all the developed countries of the world, and it must not be halted.

It is essential to do what has to be done in order that national capital located abroad should begin to work for the economy of Russia. A study of the relevant legal norms and ideas for regulation must begin this year.

In 1995, mechanisms facilitating the investment of foreign profit earned by national companies in the economy of Russia and the repatriation of Russian capital from abroad will be set up. At the same time, sanctions against those who are taking capital out of the country illegally will be tightened up drastically. The procedure for regulating the

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export of national capital will be worked out in such a way as to ensure that it paves the way for Russian commodity exports. It is necessary to find an effective solution to the problem of placing the securities of major Russian companies on the financial markets of leading countries of the world.

1.2. Federalism and Local Self-Government

Russian history has decreed that the state's sovereignty extends over a vast territory and covers numerous peoples.

By virtue of the size of the territory and the huge diversity of living conditions—historical, national, economic, natural—Russia has two methods of preserving itself as a unified state.

One is **unitarism, rigorously centralized government.** It was on this basis that Russia existed until recently. This method is based mainly on the edict [komandnyy] principle. The effectiveness of the authority depends here on the might of nor-law-based [nepravovyy], coercive means.

Our society has adopted a different path of preserving the state's unity—**federalism, the decentralization of government.** This method is, naturally, based on law, including the strict regulation of the competence of the federal and regional authorities. It is a method of not simply preserving Russia's integrity, but also ensuring the effective protection of society and the citizens and the harmonious development of the spiritual, cultural, and economic links between all the components of the Russian state.

The majority of Russia's citizens today understand **that the problem of Russia's sovereignty is firmly linked to the federalization of the country, and that federalism is the surest path, not to undermining the integrity of the state, but to promoting its cohesion.** It is federalism that offers an outlet for the territorial communities' desire for autonomy and free development.

The first steps toward the formation of true federalism, in particular the redistribution of power functions from the center to the regions, were perceived by many as a sign of the state's weakness, an encroachment on its sovereignty, and even a threat to its territorial integrity. It must be admitted that there were some grounds for such fears. At first, there were politicians who built their careers specifically on separatist slogans and on the struggle against the federal authority.

But federalism in Russia gained strength, and by last year it had become clear that **the overt threat of separatism had been overcome.** This is considerably to the credit of both the federal and the territorial authorities. They did not allow the situation to become really dangerous to Russia's integrity. With very rare exceptions, the question of any territories' seceding from Russia did not arise. We had sufficient statesmanlike wisdom and responsibility for this.

Treaties between the Russian Federation organs of state power and the organs of power of Tatarstan, Bashkortostan, and Kabardino-Balkaria made it possible to raise the level of mutual understanding with those components of the Federation and to stabilize the political situation there.

The time has come to formulate and enshrine in legislation the criteria on the basis of which the federal organs of power can clarify constitutional relations with the Federation components. Here the constitutional principle of our Federation's structure must remain inviolate.

The Federation components have enormous scope for total self-fulfillment within the framework of the Russian Constitution. It guarantees them the broadest powers to resolve their own internal problems. They retain all the rights of state power except those listed as federal prerogatives. In order to reflect the peculiar characteristics of life in their own territories, they are entitled to create their own fundamental laws—charters and constitutions.

Nonetheless the granting to the Federation components of wide autonomy and the delimitation of spheres of jurisdiction and powers between the federal organs of power and the organs of power of individual Federation components do not entirely solve the problem of preserving the unity and integrity of the Russian state. It is necessary to improve **regional policy.** This is the most important area of federal policy, based on an integrated system of documents reflecting both the strategic national security interests of Russia as a unified federal state, and the developmental needs of the regions themselves, and—most important—the need of all the Federation components for coordinated cooperation with one another for the benefit of each individual territory and the country as a whole.

Experience shows that the interests of an individual territory by no means always coincide with the interests of the state as a whole, and are not infrequently in conflict with the interests of neighboring territories.

But despite these complexities and contradictions, last year it proved possible to make marked progress in the formulation of regional policy. This problem has been studied conceptually both in the presidential structures, and in the government, and in the Federal Assembly. It is now a matter of translating concepts into the language of concrete measures and programs. This work should be completed by the fall of this year, in order to provide for the appropriate measures in next year's budget.

Last year was the year of the birth of Russian **budgetary federalism.** Unified normatives were formulated for the distribution of revenue from the main federal taxes between the federal and regional budgets, and a formula was defined for the expenditure of resources from the Fund for Financial Support for the Federation Components. As a result the budgetary autonomy and responsibility of the Federation components increased, and it was possible to a significant extent to relax the tension in interbudgetary relations.

In 1995 a new mechanism for budgetary relationships should be established, embracing all the Federation components. The granting of federal support funds to the territories should be substantiated to a greater degree.

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Local self-government is an important mechanism for ensuring the country's unity. Developed local self-government can be one of the most reliable guarantees of the state's integrity. It is the cement that binds Russia's state integrity.

The municipal authority is closer to the citizens and is engaged primarily in resolving their most urgent, day-to-day problems. It has a direct interest in a federal authority that is, legally speaking, strong, and capable of ensuring higher social standards in citizens' lives and clamping down on any arbitrariness by regional authorities.

The formation and development of local self-government has been talked about a lot, but much less has been done about it in practice. This situation must be rectified.

It is not enough to adopt a law on the general principles of organization of local self-government. It is vitally important to peg to the implementation of this law a system of measures ensuring the development of local self-government as a viable level of power, and at the same time as a form of people's self-organization with the best long-term future.

Unfortunately, **the draft federal program for state support for local self-government** has spent more than a year passing from office to office for coordination. In 1995 the government must ratify this federal program.

The rights and interests of local self-government must be taken into account in the process of the **reform of budgetary, tax, and land relations.**

The objective necessity to organize the compilation of **municipal statistics** in the Russian Federation has become urgent. Without this, we cannot count on a realistic state policy on transforming local power on democratic principles.

1.3. The Right to Apply State Force and the Chechen Crisis

The reason why many democracies perished was the inability of the people to realize [the need for] and organize a **force** for the defense of their **right** and to embody their collective will into an effective **state power.**

The source of sovereign power in the Russian Federation is its multinational people. The people alone are empowered to either directly exercise state power by, for example, adopting decisions through a referendum, or by delegating the implementation of their will to organs of state power and local self-government.

There is no greater power than state power within the state's parameters: Its legal authority is greater than the authority of any other power, and its behests have supreme legal effect.

Thus, in order to ensure sovereignty, the institutions of state power have the **right** not only to rely on their moral-legal authority but also, in certain circumstances, to affirm this authority through **state coercion.** This is a necessary element of democratic legal order.

Whenever state organs use coercion as one of the means for exercising the functions of the state, they must be guided by the will of the people which, in its turn, is expressed primarily in the Constitution.

In parallel with sovereignty and independence, **state integrity** is one of the main constitutional values. If a state is unwilling or unable to maintain its integrity, it also loses its sovereignty. Its integrated fabric falls apart, and this is followed by the disintegration of society. Chaos emerges, and it leads to total violence.

State integrity incorporates several fundamental elements. State power has no right to tolerate any encroachment against any of these.

1. Unity of the state's civic organism. Each citizen is part of a unified whole—the people—and is linked to them by a rather rigid bond defined by the idea of **citizenship.**

The unity of the civic organism, inseparably linked to the state, also testifies to the unity of the state itself.

The exclusion of one part of the people from the common civic organism spiritually and materially impoverishes both the part in question and the people as a whole. Even if such an action were possible, it could only be taken legally and subject to the existence of special conditions.

2. Unity of the property complex. The common wealth has been accumulated by many generations of the people. It is the product of property and personal sacrifices already made or still being made by the whole people. Breaking the integrity of the state means undermining the material foundation of the people's existence.

3. Unity of power. Sovereign power in any state is unified. This does not at all contradict the principle of the separation of powers since, in compliance with this principle, only the functions and powers of state institutions are separated. Such a construction of power is intended not to destroy the state machinery but only to ensure that this machinery functions effectively and to prevent the emergence of any threat of fatal monopolization of power.

4. Integrity of territory. The meaning of this concept is much broader than normally imagined. Territorial integrity would hardly have been at the focus of so much attention had it involved only space and resources.

The loss of the part of the people inhabiting the territory being torn away is as damaging to the state as, for example, the loss of a person's hand. For this very reason, any actions aimed at tearing away a part of the state territory must be deemed crimes against the state as a whole.

The Chechen crisis became a test of the effectiveness of Russia's institutions of federal power and of their ability to defend the country's integrity. The events in the Chechen Republic in late 1994 and early 1995 prompted fierce political debates in society, the mass media, and the actual structures of power.

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This whipping up of passions is understandable. It is prompted mainly by the tragic deaths of many Russians. Moreover, the Chechen crisis involved some fundamental problems which have confronted and will continue to confront contemporary civilization: Priorities in the system of values protected by the state; correlation of ends and means; extent of and limits to the use of force in order to uphold the law.

Law in its civilized meaning rejects violence as an illegitimate method of applying state force. But it does not reject the application of force altogether. No matter how much we might wish it otherwise, not a single authority would be able to back up the force of the law without state coercion.

State coercion was applied in Chechnya when the federal authorities **had exhausted all other means of exerting influence.** In one part of the Russian Federation's territory elementary human rights were being brazenly trampled, a challenge was issued to state integrity, Russian laws and other legal acts were being ignored, and an anticonstitutional and well-equipped army emerged within the state's boundaries, an army which made no secret of its intentions to engage in combat operations against Russia's Armed Forces. Not just the authorities, but the Russian state itself was being humiliated.

It was this totally illegal and anticonstitutional regime, which emerged in one part of Russian territory and engaged in terrorist activities against Russian citizens, that provided moral and legal grounds for the application of state force to restore the Russian Federation's sovereignty throughout its territory and to put an end to outright gangsterism and terrorism and the brazen taking of the bulk of the Chechen Republic's population as hostages.

Thus, we were and still are talking not about the trampling of freedom but the trampling of **a peculiar form of armed insurrection against the legitimate authorities.** It began back in September 1991, following the violent overthrow of the republic's Supreme Soviet. The legitimate organ of power was replaced by the republic's Interim Supreme Council, whose legitimacy was doubtful from the very beginning, at least because it had not been formed on the basis of a free expression of the Chechen-Ingush people's will.

Despite this, the Supreme Council was recognized as the sole legitimate organ of state power in Checheno-Ingushetia until the election of a new Supreme Soviet of the Chechen-Ingush Republic.

The situation started getting out of control following the holding of elections in this republic, unauthorized by the federal authorities and held **under pressure by illegitimate armed formations.**

The illegal regime in Chechnya started consolidating itself in November 1991, largely thanks to the federal authorities' indecisiveness. In the wake of mass disturbances caused by the October "elections," the Russian Federation president issued his 7 November 1991 edict introducing a state of emergency throughout the territory of what was still the Chechen-Ingush Republic. But this edict had to be almost immediately repealed due to the negative attitude toward it adopted by the Russian Federation's legislative power at the time, whose own peacemaking initiatives in November-December 1991 were sporadic and totally fruitless.

Throughout 1992-1994 the federal executive power continued to work both on settling the crisis and on ensuring social assistance for the Chechen Republic's population guaranteed by the federal state.

But the authorities in Groznyy continued to challenge our state increasingly openly.

The republican referendum scheduled for 5 June 1993 (on the basis of the Russian Federation's current legislation, including in further development of the RSFSR [Russian Soviet Federated Socialist Republic] Law "On the Rehabilitation of Repressed Peoples"), which was intended to determine the will of the Chechen Republic's population as regards its status within the Russian Federation, was thwarted by Dudayev's regime. An opposition rally **was broken up with the use of military force.** Russian Federation citizens residing on Chechnya's territory were killed and injured.

Thus, **the force of arms** was used to trample one of the fundamental constitutional principles—the principle of people's power; a series of articles of the Constitution, guaranteeing human and civil rights, were breached.

The Russian Federation president's first message to the Federal Assembly in 1994 emphasized that a basis for the settlement of relations between the federal authorities and the Chechen Republic could be provided by "the holding of free democratic elections in Chechnya and of talks on the demarcation of powers with the federal authorities."

The new Russian legislative power got involved in the process of solving the Chechen problem: The State Duma adopted in March a decree on the political settlement of relations between the federal organs of state power and the organs of power in the Chechen Republic.

In support of the deputies' proposal, there followed a directive of the Russian Federation president dated 15 April 1994, which instructed the government to hold consultations with representatives of the power structures and all political movements in the Chechen Republic and, on the basis of this, to prepare a draft treaty on the delimitation of areas of jurisdiction between the federal organs of power and the Chechen Republic's organs of power, as well as on the reciprocal delegation of powers. Such consultations were held with different public forces in Chechnya. But they were all wrecked by the Groznyy leadership.

On 12 August the Russian Federation Government again formed a delegation, including representatives of both Federal Assembly chambers, to engage in coordinated work on the settlement of relations with the Chechen Republic's "organs of state power." But it also failed, due to Groznyy's unwillingness to embark on negotiations.

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Thus, over a period of **more than three years,** the Chechen Republic was governed by an anticonstitutional regime established **by armed means** and maintained **by force of arms;** illegal organs of power and **illegal armed formations** were functioning. Moreover, armed clashes between Dudayev's formations and the opposition, using heavy armaments and military equipment, started in the fall of 1994 in the Chechen Republic, in other words on the Russian Federation's territory.

Evidently, the Chechen insurgents interpreted all peace initiatives as signs of the federal authorities' weakness. Indeed, these authorities are not yet powerful enough to ensure that any legal decision made by them is immediately implemented by all to whom it is addressed. The institutions of state power have yet to accumulate sufficient weight to ensure that **force does not have to be applied to restore Russian sovereignty on their territory.** Today, however, the state has to resort to the exercise of its right to use strong-arm methods in order to protect the country's integrity.

In this process the Russian state adheres to the following general principles of law, recognized by all democratic legal systems in the world and constituting the foundation of the Organization on Security and Cooperation in Europe:

—the commitment to utilize all legal procedures of influence on the opposition, including criminal procedures against insurgent activity against state authorities, especially if such activity is violent;
—the exhaustion of political ways to seek accord with the opposition as regards peaceful resolution of conflicts;
—sanctions commensurate with the damage caused by the opposition's activity, and recourse to physical coercion only as the last resort for suppressing insurgent violence.

A State Commission still has to determine whether the armed sanctions used by the federal authorities in Chechnya were commensurate with the scale and forms of armed resistance.

In the interim, in order to evaluate the correlation between the applied sanctions and the damage caused by the insurgence, let us note the following.

More than 2,000 premeditated murders were committed on Chechnya's territory over a three-year period, which ought to have been but were not investigated (furthermore, federal law enforcement organs were not allowed on Chechnya's territory).

The damage resulting from the plunder of railroad trains and the ensuing cessation of traffic across Chechen territory, from terrorist actions involving the seizure of hostages and the hijacking of aircraft, from money forgery, from embezzlement involving the use of bank documents (damage amounting to about 4 trillion rubles, and to about 900 million rubles in just six months of 1994), and other serious crimes (including illegal marketing of drugs) which were covered up and instigated by Dudayev's regime—this damage runs into amounts comparable with the costs of restoring normal life in the Chechen Republic.

Dudayev's criminal regime violated the basic norms of the Russian Federation Constitution, including almost all articles in Chapter 1 on "Fundamentals of the Constitutional System" and many articles in Chapter 2 on "Human and Civil Rights and Freedoms."

Article 3 of the Russian Federation Constitution stipulates: **"Nobody can usurp power in the Russian Federation." In the Federation,** and therefore in its **components.** Article 13 of the Russian Constitution bans and outlaws on Russian territory any activity aimed at "the violent change of the foundations of the constitutional system and violation of the Russian Federation's integrity, the undermining of the state's security, the creation of armed formations, and the fanning of social, racial, ethnic, and religious dissension."

How, then, are we to approach the solution of a problem emerging as a result of **armed seizure of power** by a group of persons wrecking all attempts at political settlement and demonstratively building up military might and using arms? In a situation like this—from a position of strength.

How, then, are we to approach the problem of power being usurped on part of the Russian Federation's territory by persons having at their disposal heavy armaments and military equipment, including aviation, artillery, and tanks? In a situation like this—with the help of the Armed Forces.

All this is met with understanding by the international community, which proceeds from the priority of the principles of territorial integrity and border inviolability, as well as from a limited interpretation of the principle of self-determination when applied to states which not only adhere to international standards but also, like Russia over a four-year period, greatly exceed these standards at the risk of their territorial integrity.

The Chechen crisis, just like a drop of water, reflects all the problems of Russian statehood. This includes the stagnant and obsolete system of planning political and military operations on such a scale, the lack of coordination of the activity of various departments, the inherited impermissible scorn for independent mass media and autonomous public opinion, and much else.

While mourning the victims of the conflict, it is necessary to make sure that we learn as much as possible from the cruel lesson of history which was taught to us during the very first year of experiences in the new conditions, under the new Constitution. It is necessary to transform the conflict's explosive energy into the potential for forthcoming changes in the Army, in the institutions of power, and in political and state practice.

But if we intend to learn, now is certainly not the time to act hastily or rashly. It is necessary to analyze all aspects of the emergence and development of the Chechen anomaly and to thoroughly study the actions on restoring constitutional legitimacy in Chechnya and the work of all organs of

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power. Only then should decisions be made. What would come in useful here would be efforts by all branches of power, activeness by parliamentary commissions, unprejudiced journalistic investigations, and, of course, coordinated actions by the organs for the maintenance of law and order.

We will strive to reduce the level of force used to resolve the conflict and to switch to primarily political and economic methods for settling the crisis.

But something else is also important. Russia was forced to use force against the illegal regime in Groznyy at the very beginning of the process of building its new statehood, with an immature civic society, with unstable democratic traditions, with an unreformed Army, and before having consolidated all its institutions of power. In these critical conditions, society refrained from chauvinist and war hysteria, the state institutions were considerate enough not to curb the wave of criticism and to remain open both domestically and in the outside world. All these are signs of an emerging normal democratic statehood capable of withstanding a harsh trial.

1.4. Outlines of Reform in the Defense and Security Sphere

The state of affairs in the military sphere at the present stage is characterized by a considerable lessening of the immediate threat of direct military aggression against Russia. The Russian Federation does not regard a single state as a military enemy and develops partnership relations with major military powers and their interstate associations, including in the security sphere.

At the same time the danger of war potentially remains for the Russian state. The main reasons for this and for the emergence of armed conflicts and wars are social, political, economic, territorial, regional, national-ethnic, and other contradictions and the desire of a number of states and political forces to resolve them with the use of means of armed struggle. In the short term a particular danger is posed by armed conflicts that arise in Russia and on its borders and on the territory of the former USSR on grounds of aggressive nationalism and religious extremism. Unless a reliable system of international security is created at the regional and global levels, then the emergence of major challenges to Russia's security, including on the military plane, cannot be ruled out in the medium term and, particularly, in the long term.

Unfortunately, the present Armed Forces, which evolved historically in case of world wars or major regional wars, are inadequately prepared—in terms of their composition, organizational structure, manning level, combat and operational training, and level of equipment—to ensure Russia's security interests, should conflicts of a local nature arise.

The system of coordination and cooperation in the use of the Armed Forces, the Internal Troops, the Border Troops, and the forces and means of the Federal Counterintelligence Service and other power structures, should military conflicts arise, is insufficiently effective.

The legal and organizational mechanism for the use of the Armed Forces and other power structures in the event of an attempt at an armed revolt on the territory of the Russian Federation has not been worked out.

These are just a few conclusions that can be drawn from a preliminary analysis of the operation to restore constitutional order in Chechnya.

The Security Council has been instructed to prepare a report on the origins, development, and consequences of the Chechen crisis and on an assessment of the actions of our troops.

As for the prospect of building and developing Russia's Armed Forces, I intend in a few months' time to speak specially about the priorities and main areas of military reform.

In this message I will confine myself just to **the general features of Armed Forces building and military reform.**

The key problem preventing normal progress in reforming the Armed Forces is the lack of an integral mechanism for making decisions in the sphere of ensuring military security.

As is known, the Russian Federation Ministry of Defense was created in 1992, and it planned during 1993-1995 to complete the Army's withdrawal from abroad, to create new groupings of troops on Russian territory, and to make the transition to mixed manning and a new organizational structure. But the main measures of reform of the Armed Forces have been deferred to the period after 1995.

The Russian Federation Armed Forces and other troops have encountered serious difficulties of an objective and a subjective nature (the profound structural crisis of the country's economy, rigid financial restrictions, a shortage of draft resources, the consequences of the badly managed collapse of the unified defense area of the former USSR, etc.).

The situation has been complicated by the Russian troop withdrawal from the countries of East and Central Europe and the Baltic. This has set us complex problems in settling the withdrawn troops on the territory of Russia.

For the time being it is possible to draw a conclusion about the nonfulfillment (or incomplete fulfillment) of the whole package of measures to implement the reform of the Armed Forces. At present their reform essentially continues to bear the stamp of the transformation of the USSR Armed Forces into the Russian Armed Forces.

One of the tasks of the military reform is to bring the structure and composition of the Armed Forces into line both with potential and existing threats and challenges to the security of Russia and our allies and with our economic potential. Having made the Armed Forces more compact and multifunctional, having reduced their strength, and having simplified their structure, we are obliged to ensure their high level of preparedness, mobility, technical equipment, and servicemen's social protection.

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In this connection one of the main tasks is to create an efficient system of state management of defense and the ensuring of military security, within whose framework it is necessary:

—to seek to enhance the prestige of military service and the authority of the Armed Forces and of other troops and to ensure the readiness of citizens to conscientiously fulfill their duty and defend the fatherland;

—to create and improve the normative-legal base of military building, of the functioning of the Armed Forces and other troops, and of the defense-industrial potential;

—to ensure the coordinated activities of the Armed Forces and other troops of the Russian Federation;

—to specify and coordinate the tasks of the Armed Forces and other troops of the Russian Federation in accordance with modern demands relating to ensuring defense and national security;

—to ensure, on the basis of the Ministry of Defense, a coordinated system of orders for armament and military hardware and the carrying out of research and development for the Armed Forces and other troops of the Russian Federation;

—to create standardized and coordinated systems of technical, rear, and mobilization deployment based on the territorial principle for all troops of the Russian Federation;

—to transform and continue the development of the Russian Federation's defense-industrial complex by concentrating efforts on developing and creating the most promising arms and military hardware ensuring the development of the Strategic Nuclear Forces;

—to put in order the formation and implementation of the defense budget and to bring its structure more into line with the tasks of the steady long-term development of the Armed Forces and their technical equipment. It is necessary to ensure the complete fulfillment of the defense budget adopted by the Federal Assembly. This concerns not only the payment of the personnel's pay but also expenditure on combat training and the defense order, on defense research and development, on construction, and on the salvaging of arms and military hardware.

The whole range of questions of ensuring Russia's military security must be resolved within the framework of a unified, coordinated process of military building as a package of economic, political, military, and other measures to ensure the state's adequate level of defense capability and military might.

The organization of this process is not a matter only for ministries and departments of the Russian Federation which have military formations under them. It is a matter for the state, and military building must be organized by organs of state power and management above all.

It would be opportune to examine the question of setting up under the Russian Federation president a permanently functioning commission to draw up proposals on military policy and the main areas of military building in the Russian Federation, as well as on the implementation of the military reform.

Problems of the composition of the Armed Forces manifest themselves particularly acutely in regions subject to control and restrictions in accordance with well-known international agreements of the former USSR.

It is important that we find ways to resolve the well-known problem of the flank restrictions under the Treaty on Conventional Armed Forces in Europe—a problem that has arisen visibly in the North Caucasus.

The problem of defending the state's sovereignty, independence, and integrity is directly linked with the **stability of its borders and the reliability of their protection.** It is to the border that the sphere of application of sovereignty extends.

In 1994 Russia demarcated its border with Estonia; preparatory work is under way to demarcate the border with Azerbaijan and Georgia. As a result there has been a considerable reduction in the economic damage to the state and many channels for smuggling goods out of Russia and importing weapons and drugs into the country have been closed.

However, the situation on the Russian Federation's borders remains complex.

Russia's borders require additional measures to equip and protect them against various encroachments. A considerable proportion of these borders have not yet been established, demarcated, or formalized in international law. In a number of sectors the border areas and the border itself have found themselves in a zone of potential and real conflict. On this premise the equipping of Russia's borders will continue, with this work being carried out in phases in light of the current and potential threats to our state's interests.

Russia bears the main brunt when it comes to guarding the CIS' external borders: In accordance with bilateral agreements it guards the borders of Armenia, Georgia, Kyrgyzstan, and Tajikistan with neighboring states and participates in guarding the border of Turkmenistan. Cooperation on border issues with Belarus and Kazakhstan is developing vigorously. There are good prospects in this sphere with Azerbaijan and Ukraine. The stationing of Russian border contingents outside the Russian Federation must be legalized.

The absence of unified legislation regulating the border regime and visa, customs, and other types of controls on the CIS borders poses a major problem for Russia.

Cooperation on border issues with Finland, Poland, Hungary, Sweden, the United States, Mongolia, and Estonia has been considerably boosted and developed. Relations in this sphere are being established with China. We are ready to develop relations with Japan.

It is extremely important for border problems to be resolved on the basis of unified state policy. Federal

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executive organs are completing the formulation of the draft **Fundamentals of State Border Policy and the Federal Border Program for the Organizational and Other Development of the Border Troops.** Mindful of the differing status of Russia's present borders and the variety of approaches to the protection of the Commonwealth states' external borders, the choice of a well-gauged course in border policy is an exceptionally difficult and responsible business. Joint actions on the part of the executive and the legislature are needed in this matter.

The Russian Federation's interests may necessitate its military presence in a number of CIS states in regions which have a destabilizing effect on the development of the situation in Russia itself.

We will and we want to act together, but at the moment Russia remains the only force capable of separating warring parties in the former USSR and bringing them to the negotiating table.

At the same time the lack of a juridical and normative-legal base for peacemaking considerably complicates Russia's performance of this task.

In the sphere of military security it is also necessary to galvanize the negotiating process with regard to the creation of a CIS collective (regional) security system based on the treaty of 15 May 1992 and bilateral agreements between the CIS states. This will make it possible to neutralize a considerable proportion of the threats to the CIS states' security and to raise cooperation to keep pace with mutual and collective interests in the sphere of national security and will help put an end to armed conflicts in the member states, promote cooperation in military production and the standardization of arms, and also create favorable conditions for the preservation and use of the existing defense infrastructure.

In view of the prospect of the creation of a unified military-political union and the fact that not all members of the Commonwealth are equally prepared to take part in such a union, the optimum approach seems to be a flexible one which presupposes the possibility of each participant taking part in the union in line with their political, economic, and legislative potential. **Thus the main tasks for 1995 are:**

—the reorganization of the Armed Forces and other troops in light of the country's real potential to staff and fund them;

—the adjustment and development of the Russian Federation's military doctrine mindful of real assessments of military threats and ensuring military security.

1.5. Foreign Policy Priorities

Russia's foreign policy is acquiring its own complexion in the militarily more secure—albeit less predictable—post-bloc world. At the same time it is being implemented amid the difficult formation of Russian statehood and economic crisis.

Those forces abroad which are afraid of the restoration of Russia's might on the basis of democratic market reform are trying to exploit these phenomena in the country's domestic life. They are not giving up the temptation of ousting it from its historical borders and reducing our country's international role. The attempts to restrain the CIS countries' natural desire for integration on a new basis and hamper the restoration of mutually beneficial economic and other ties are well-known.

We are also aware of the misgivings that Russia evokes with its problems, size, and totalitarian past. Whether these misgivings develop into respect or mistrust depends on how we handle our domestic affairs. At the moment we are not enterprising enough and are doing little to ensure a correct understanding of our work and intentions.

Our diplomacy by no means always operates in such a way as to primarily safeguard Russia's economic interests and the interests of national industry. One of our diplomacy's most important tasks is to help ensure Russia a fitting place among the world's most developed states. This is a difficult but feasible task for our country.

In 1994 coordination of the principles of partnership in the main areas—the CIS, Europe, the United States, Asia, the Pacific region, Latin America, and Africa—continued.

A difficult move away from avowed to real partnership began. It is this process that should be the cornerstone of our efforts this year. It is this kind of real partnership that helps resolve the main foreign policy tasks—**ensuring favorable conditions for the country's domestic development.**

The arsenal of Russian diplomacy should include both firmness and an ability to understand a partner's viewpoint and a capacity for reasonable compromise. Its national interests must be upheld in a dogged, effective, and civilized manner.

Last year Russian foreign policy achieved the following results:

—a program for the creation of a stable international security system under UN auspices and with the reform of international institutions was proposed for the first time from the rostrum of a UN General Assembly session;

—agreements on the mutual nontargeting of strategic nuclear missiles were concluded with the United States, Britain, and China;

—an international legal mechanism was formed, which ensures the nonproliferation of nuclear weapons in the former USSR (Ukraine, Belarus, and Kazakhstan subscribed to the Nuclear Nonproliferation Treaty as nuclear-free states) and the START I Treaty was brought into force;

—international cooperation in the sphere of mass-destruction weapons nonproliferation and ensuring security and the safekeeping of nuclear weapons and materials broadened.

In 1995 efforts must be concentrated in the following areas:

—upholding Russia's positions within the framework of the OSCE [Organization for Security and Cooperation

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in Europe], increasing this organization's role in the interests of all its members;
—indefinitely extending the Nuclear Nonproliferation Treaty at the conference of the parties to it;
—further continuing the process of strategic offensive arms reduction on an equal basis while observing the principles of Russia's national security;
—securing accords on the comprehensive prohibition of nuclear tests and the production of fissionable materials for the manufacture of weapons, and on security guarantees for nuclear-free states;
—the implementation of the other international treaties that Russia has concluded on the banning of certain kinds of arms, along with the Open Skies Treaty;
—Russia's full-fledged and wide-ranging participation in the Missile Technology Control Regime and the new export control regime which is replacing COCOM [Coordinating Committee for Multilateral Export Controls], and other matters.

Work is to continue on making Russia more secure **economically and ecologically.**

I refer to our joining international economic institutions (the stage-by-stage formation of the economic "G-8," affiliation to APEC—the Asian-Pacific Economic Community), wider access to IMF resources, collaboration on resolving the problems of Russia's debts and the Third World's debts to Russia, the lowering of trade barriers, and the removal of the remaining discriminatory restrictions.

A start has been made. At the political level the world community has acknowledged Russia as a country with a transitional economy. There have been positive changes in the principles of our trade and economic relations with the European Union. Military technical cooperation is developing with traditional and new partners.

In the current year we face the task of stepping up multilateral and bilateral cooperation in the ecology sphere, primarily in implementing existing accords on the ecologically safe elimination of nuclear missiles and chemical weapons, burial of nuclear waste, protection of the environment in the Arctic, and so on. At the same time, we cannot allow foreign economic deals that endanger the Russian environment.

By dint of its global and regional role Russia bears and will continue to bear a significant **peacemaking** burden, chiefly on the territory of the former USSR. Together with the CIS it advocates support for these efforts also on the part of the United Nations and the CSCE—now the OSCE—in accordance with the clearly defined principles of recognition of the legitimate interests of Russia and other interested Commonwealth states.

The result is approval of the UN-sponsored Russian operation in Georgia, the go-ahead for cooperation between UN observers and our forces, the establishment of a UN mission in Tajikistan, and the United Nations' and OSCE's coming closer to the Russia position in the settlement of the Nagorno-Karabakh conflict.

But practical support for our actions on the part of the United Nations and the OSCE is still unnecessarily modest. The conduct of full-scale operations under the UN flag, in particular in Georgia and Tajikistan, is being held up by a number of UN Security Council members.

Russian diplomats must make a more determined effort to avoid "double standards" in their approaches to the settlement of conflicts on the territory of the CIS. They are a challenge to regional security. We expect the same approach from the international community.

At the request of the UN Security Council Russia agreed to make a "reserve force" available for peacekeeping operations. The president decided to stipulate the formation of a Russian "emergency humanitarian reaction" corps.

Russia's consistent efforts to settle a number of major regional conflicts, above all the Yugoslav crisis and the Iraq situation, led to tangible results in 1994, above all in the sphere of strengthening our country's role and independent stance in the world arena.

In 1994 Russia chaired the organs of the **Commonwealth of Independent States.** It has been given this honor and onerous duty again this year. By and large the CIS states have acquired an increased awareness of the need for integration, above all economic cooperation, which should be translated into practical steps. The basis for this exists—it is the agreement on forming a free trade zone, Customs Union, support for transnational companies. An Interstate Economic Committee has been set up.

There are some worrying symptoms as well. They include the curtailment of trade and economic links. At present the CIS countries account for only 20 percent of Russia's overall foreign trade turnover compared with 56 percent in 1991. Commonwealth states' growing inability to pay Russia, in particular for supplies of energy sources, is worrying. An acute situation is also taking shape in the sphere of credit arrangements.

These problems must be solved so we can move forward.

It is necessary in the very near future to get the Interstate Economic Committee operating, complete the formation of the Customs Union, normalize payment and settlement arrangements, and restore and strengthen the single scientific and technological area.

Cooperation is developing in safeguarding defense security. Important agreements have already been concluded on cooperation in the protection of external borders and on collaboration in safeguarding air defense for the Commonwealth states. In 1995 Russia will do its utmost to ensure the implementation of the accords adopted by the Council of CIS Heads of State in Almaty. Russia will also actively develop bilateral military links with Commonwealth states. It will seek to agree within the CIS approaches to key matters of European and international security.

The Basic Principles of Russian Federation State Policy With Regard to Compatriots Living Abroad were

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approved last year in accordance with a presidential edict and government decree. They provide for a range of political, economic, and sociocultural measures on protecting the rights of and supporting our compatriots in the CIS and Baltic states in 1994-1995. A very important task was set—broadening links with public organizations expressing compatriots' interests within the framework of the law and respect for the CIS partners' statehood.

A Commonwealth Convention was adopted on safeguarding the rights of people from ethnic minorities. A CIS Convention on Human Rights is in the preparation stage. At the next stage it is advisable to place the emphasis on reaching specific bilateral accords on these issues after the example of the agreement formulated with Turkmenistan and Kazakhstan.

The priority questions include joining CIS partners in implementing our humanitarian initiative on problems of refugees and migrants in the post-Soviet area; arrangement of collaboration in the fight against organized crime and terrorism.

The strategic task is to consolidate the positive advances that have been made in relations with **Ukraine**. Our gravitation toward one another is a natural process. Russia appreciates the difficulties the fraternal Ukrainian people are experiencing in the formation of their state, particularly in the economic sphere. Despite our own problems, we are prepared to help them out. We expect the Ukrainian leadership, aware, as it is, of the importance of good-neighborly relations with Russia, to go its part of the way toward signing a Treaty of Friendship and Cooperation between Russia and Ukraine and agreements on other major unresolved questions of bilateral relations.

Active use is being made of the potential for integration in Russia's relations with **Belarus** and **Kazakhstan**. On the basis of our countries' common interests a package of documents has been signed on the establishment of a tripartite Customs Union. It is meant to pave the way for deepening integration processes among all the participants of the CIS Economic Union. Cooperation has expanded in the military sphere.

Primarily through Russia's efforts the CIS is asserting its authority as a regional international organization. Last year the Commonwealth was represented for the first time at a UN General Assembly session and CSCE summit conference, and it put forward a number of joint initiative at the UN forum.

There have been advances in relations with the **Baltic states**. But a fundamental breakthrough in favor of good-neighborliness and mutual understanding and elimination of the attitude of distrust that persists in these countries in order to develop mutually advantageous economic relations and reliably safeguard the rights of our compatriots remains to achieved, as does the solution of the problem of ensuring that life proceeds normlly in Russia's Kaliningrad Oblast all the time.

In **European affairs** we are having to act while taking into account contradictory trends: On the one hand, an integrational trend aimed at building a united Europe; on the other, a trend that is pushing the continent toward new demarcation.

In putting forward the concept of all-European partnership, we were actively advocating deeper collaboration and the final elimination of the bloc mentality. The idea was proposed of a central role for the CSCE in safeguarding European security and stability. As a result of the Budapest summit meeting it became possible to translate it into action, in particular through the creation of a legal base and intensification of the effectiveness of what is now the OSCE.

There have been positive moves in Russia's relations with the European Union: A very important Agreement on Partnership and Cooperation has been signed. It is a matter of ratifying and implementing it quickly, without any artifical linkage. In 1995 our task is to get Russia involved in the mechanisms for agreeing political and economic decisions in the European Union.

Multifaceted preparations are continuing for our entry into the Council of Europe. And although events in Chechnya delayed its implementation, we are not making too much of this situation.

At the same time, in its European policy, Russia in 1995 cannot fail to take account of the desire of a number of countries to translate the preparations for the expansion of NATO onto a practical plane. It is worrying that certain forces in the West are trying to effect a regrouping of influences in the Euro-Atlantic region which could objectively lead to Russia's isolation.

Russia does not lay claim to a "veto" on the admission of new members to NATO, but nor will it agree to the hasty expansion of that alliance. Russia is entitled to expect recognition of its legitimate security interests on a number of practical questions, and that this recognition should be embodied in concrete actions.

Decisions on European security that are made without Russia's participation, and, even more so, against Russia, will be counterproductive. A new division of the European continent will meet neither Russia's interests nor the interests of Europe as a whole.

The task for 1995 is to shift the emphasis from the accelerated expansion of NATO to the development of partnership with Russia's active participation. It is in this light that questions of concrete "Russia-NATO" cooperation will be determined. A dialogue on the possible paramaters of such cooperation has already begun both with the leadership of NATO and with that organization's member countries.

At the center of political collaboration with the European states is the creation of a smoothly operating security mechanism for the 21st century. This could be based on the existing organizations and institutions, first and foremost on the potential and capabilities of the OSCE. Nor do

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we rule out the transformation of old institutions, the emergence of new ones, and our own admission to either kind. The main thing is that no one should be isolated from the making of decisions that affect Europe's future.

The strategic objective with the countries of **Central, Eastern, and Southeastern Europe** is to establish, within the framework of an integrated all-European system, relations of true mutually beneficial and friendly partnership. The prerequisites for this are the intensification of political dialogue, the boosting of trade and economic ties, and the stepping up of cultural and informational contacts. Russia's historical partners and friends should also play a more important role in our foreign policy and diplomacy. Our efforts in this direction thus far are patently inadequate.

It is necessary to develop the relations of trust that have been established with the majority of West European states: **the FRG, France, Britain, Italy, Spain,** and other countries. It is in Russia's interests to develop close cooperation—not only economic, but also political—with these states. The setting up of cooperation with the Western European Union merits due attention.

Russia will seek even closer cooperation with the European states as one of the most important factors for the stable, reliable building of a democratic society and a highly efficient economy.

Partnership with the **United States of America** and the formation and maintenance of a mutually acceptable balance of interests with that state are among the main priorities.

An objective basis for the development of Russia's relations with the United States is our common interest in the formation of a stable and secure system of international relations. The climate of Russian-U.S. relations is determined increasingly not only by the interests of the governments, but by the business and humanitarian interests of citizens of the two countries.

While firmly upholding our own positions, we must at the same time build on the solid, positive groundwork developed over the past three years.

In 1995 work will continue in the key avenues of collaboration: stragetic stability, arms limitation and reduction, cooperation in space research, economic cooperation, collaboration in the sphere of ecology, science, etc; the coordination of approaches to the European and international security architecture, including the problem of the relationship between the new Russia and the new NATO; the elimination of "double standards" in the sphere of peacekeeping, and the final elimination of discrimination in trade in high technology and weapons.

We have managed to set up quite good collaboration with the new government of **Canada.** But the potential for the development of mutually advantageous relations with that country, particularly in the industrial and economic sphere, is not being adequately used.

The main result of policy in the **East** is that for the first time in many years Russia has been able to ensure normal, good-neighborly, and, where possible, partnership relations with the main powers of a vast region. As a result the security of the Eastern borders has been guaranteed on a long-term basis, foreign policy conditions have been improved for the development of the Far East, and Russia's general international positions have been strengthened. At the same time the potential for relations with the East is immeasurably greater. It is important to active our policy and diplomacy in th e Asian and Pacific region, particularly from the viewpoint of ensuring the interests of Russia's economic development.

In relations with **Caina** a marked step forward has been taken. Accords have been reached on the prevention of dangerous military activity and the border problem is being resolved. Trade and economic ties and military-technical cooperation are developing. It is essential to continue the line toward constructive partnership on bilateral and international questions on the basis of the strict fulfillment of the treaties and agreements that have been concluded.

A similar role is played by our relations with another great Asian power—**India.** The present scales of mutually advantageous cooperation with India do not accord with the potential of the two states and their largely coinciding interests.

The role of Russian-South Korean relations is growing. **The Republic of Korea** is becoming an increasingly important economic and political partner of Russia. Relations with the **DPRK** have begun to emerge from stagnation.

Russia is interested in seeing **Japan** as a stably friendly neighbor. Taking the 1993 Tokyo declaration as a point of departure we must build up cooperation with that country along all avenues.

The weakness of Russia's position in the East is the extremely low level of trade and economic relations. To overcome that situation a long-term comprehensive program is needed to boost the economy of Russia's Far East regions and to fully include them in the system of the Asian and Pacific region's economic relations.

The priority aims in the **Near East** are the stabilization of the situation in the region both on the Arab-Israeli salient and in the Persian Gulf region. The Near East states, where there are strong fears regarding the unipolarity of the new world order, see in Russia an essential factor of global and regional equilibrium. That applies not only **to the Arab states** but also to **Israel.**

This year two components of our foreign policy have been successfully balanced—relations with **Iraq** and the **Persian Gulf states.** The work in hand in the Near East has made it possible to minimize the adverse consequences of the development of events in Chechnya with regard to the entire Muslim world.

Great prospects are opening up on the **Latin American salient,** primarily in a linkup to our economic interests.

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Peacemaking activity has promoted an increase in Russia's prestige in **Africa** and has created prerequisites for the promotion of our political and economic interests on the continent. New opportunities are being opened up in particular in trade and economic relations with the **Republic of South Africa.**

One of the aims of foreign policy on all salients is **to increase the return from it for the regions of Russia.** The mechanisms for cooperation in the regions of the Baltic, the Black Sea, the Barents Sea, and the Euro-Arctic region are working to resolve specific socioeconomic problems of vast regions of Russia. That is a manifestation of federalism in action.

The components of the Federation are gradually reaching an understanding of the fact that within the framework of a single state policy, relying on the aid of the federal organs, they can implement their own foreign economic interests more effectively.

Russia's foreign policy as a whole is a complex package of efforts of all participants in the Russian state's international relations. It involves enormous funds and the efforts and interests of state, public, and private organizations and citizens have been brought into play.

Over the past year collaboration has been set up between the executive and legislative branches on questions of foreign policy. Through the various forms of its activity the Federal Assembly is taking an increasingly marked part in forming Russia's foreign policy course and is developing ties with foreign parliaments. The consolidation of the government's collaboration with the Federal Assembly on questions of foreign policy is an important task for the executive branch.

At the same time, as the previous message had already noted, differences in foreign policy are damaging to state interests. And conversely the consistent and coordinated implementation of foreign policy initiatives will promote more effective cooperation for Russia with foreign countries and will help uncover its potential in full.

In accordance with the Constitution the main avenues of foreign policy are determined by the Russian Federation president. One of the most important tasks for 1995 is **the improvement of the coordination of foreign policy activity.** All organs of power and, most importantly, the citizens of the Russian Federation will benefit from its successful solution.

Chapter 2: State's Obligations for the Defense of Human and Civil Rights and Freedoms

2.1 Economic and Social Rights in the Reform Period

The task of the first years of reform was to create the mechanisms of the market economy and to find new forms of social protection for citizens in the altered conditions. In continuing to resolve that task we must move further. Now it is essential to achieve the point where the mechanisms of the market and the system of social support function **effectively.**

That means that in 1995 we must implement **a package of measures ensuring the implementation of the economic and social rights of Russia's citizens.** This political line was outlined in last year's message. Now it is becoming a main avenue of economic reform.

The mechanisms of the market economy are still operating only feebly because we have not managed to emancipate the creative energy of the components of the market economy. There are still too many obstacles, both old and new, on the path of those who own property or engage in enterprise. At the same time rights to housing, social security, and other guarantees provided for Russian citizens by the Constitution are far from fully protected.

Nevertheless, the past year was not in vain. The stable situation on the consumer market was preserved as a whole. There was a substantial increase in the volume of savings (in deposits, securities, and currency), reaching 21 percent of the population's total money revenue.

The solution of the housing problem made headway. In the structure of investments the proportion of investments in housing construction increased drastically—from 18 percent in 1991 to 28 percent in 1994. Individual housing construction became markedly livelier, increasing in volume by over 30 percent.

In 1994 the proportion of revenue from property increased in the structure of the population's incomes. That is a new and promising phenomenon in the life of Russian citizens.

Nonetheless, the social cost of market transformations still remains high.

There has been no decline in the acute **poverty problem.** The current situation, when one-fifth of the population are below the poverty line, is intolerable. The emergence of the "new poor"—people in work but who have been earning humiliatingly low wages for a long period—is a national disgrace.

Another negative phenomenon is the **unjustified intensification of stratification by income and affluence.** This problem cannot be left unattended. The main thing that is worrying us is the **random nature** of the process of property differentiation. The state's impact on this process has not been much in evidence, which is impermissible. The slow formation of a middle class—the bulwark of social and political stability—remains an acute problem.

Although the predictions of explosive, uncontrolled growth in unemployment have failed to come true for the umpteenth time, we should not hope that the current low level of unemployment will persist. Restructuring, the conversion of defense production, and bankruptcies will inevitably exacerbate the employment situation.

By the beginning of 1995 the level of hidden unemployment had reached 6.5 percent, and that has to be worrying. **The time allotted to the state to prevent unemployment is coming to an end.**

Owing to shortcomings in legislation and the sluggishness of the government and the Central Bank, a number of

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unscrupulous companies and banks have infiltrated the financial market. Many people who trusted them with their savings have lost money. This problem requires the speediest resolution.

The most important thing is to create the conditions for normal labor and entrepreneurial activity, to stabilize Russians' living standards, to overcome the patent injustice in income distribution, and to provide the necessary help to the least-protected sections of the population.

In 1995 we should see the start of a **real move toward the social orientation of economic reform.**

Financial stabilization and the revival of production are a most important step. Citizens have a right to expect that their incomes and savings will be protected from inflation. It is a legitimate right for entrepreneurs to be working in an economic environment which lets them make medium- and long-term investment decisions and allows them to plan their business for the future.

Last year the state failed to guarantee these rights. It is obliged to do so in 1995.

Fundamental **amendments** will be made to **budget ideology itself**—at both federal and regional level.

When budgets are being shaped it will henceforth be compulsory to **take account of minimum state standards**—in terms of the main indicators of living standards and expenditure on science, culture, education, medical services, and the environment. These threshold parameters must be unswervingly observed. One other new principle is the predominance of the social sphere when additional budget revenue is being distributed. Its share should be strictly fixed.

A long-term task is to ensure preferential growth in social spending over other types of budget expenditure.

Every Russian citizen enjoys the **right of free enterprise.** That is a constitutional norm. In practice it is by no means fully implemented. It is hard to find the ideal combination between the usual motives for business life and the features of the Russian outlook. It is difficult to protect business people—particularly in small enterprises—from opposition and, frequently, from abuses and direct violations of the law by officialdom, or from attacks by the criminal world.

The development of enterprise is meant to be ensured by legislation based on the Civil Code. This applies particularly to state support for small businesses and the utmost simplification of access to the market. Another problem is the creation of effective means of "weeding out" [vybrakovka] inefficient enterprises and "removing" them from the market.

Privatization is an important reserve. Normative acts are needed to reliably protect the rights of private investors. Openness and glasnost in the implementation of investment trading and tenders are most important elements in the safeguarding of these rights. In this sphere, which is so important for the preservation of social peace in the country, there must be no secrets—much less any lawbreaking.

Despite the fact that the first phase of privatization is already over, the **process of molding efficient owners** is only just beginning. It is being held back by the inadequate protection available for property rights—above all, those obtained in the course of privatization.

The protection of the rights of private ownership of real estate has been very neglected. We need to begin with the basics in this area—the registration of real estate. A Federal Commission for Real Estate, which would be responsible for regulating the real estate market, should finally start work.

Lenders' rights to mortgaged property and the rights of holders of shares and other securities need reliable legal protection.

The adoption by the Federal Assembly of a law regulating the **securities market** will be a considerable step forward. The full force of the state needs to be brought to bear to protect the population from unscrupulous entrepreneurs who are attempting to seize this market. Investors and depositors should have full information about their rights as private owners. The population needs to be guaranteed the opportunity to take free and conscious decisions about where they invest their savings.

While guaranteeing free enterprise, the Russian Constitution at the same time does not permit monopolies or unfair competition. Things are very different in real life.

Although, as a result of the economic reforms carried out in the country, monopolies have stopped being a feature that defines the general state of the Russian economy, they have persisted in certain spheres. In 1995 **antimonopoly policy** will be implemented in the following main areas:

—improving the normative base of antimonopoly regulation and the organization of the unswerving implementation of existing legislation;
—state regulation of markets dominated by natural monopolies (rail transport, power generation, pipeline transportation, telecommunications);
—overcoming local monopolies.

Stabilizing living standards and creating the prerequisites for improving them are highly important tasks for 1995.

It is proposed that major appropriations be channeled into implementing socially important investment projects linked to the provision of medicine to the population, the allocation of housing to servicemen, the resettlement of citizens from parts of the Far North, the elimination of the consequences of natural disasters and catastrophes, and provision for the activities of cultural centers.

In order to overcome the inequities in the distribution of incomes and material possessions it is necessary above all to considerably lower inflation. The experience of all the years of reform clearly shows that the higher inflation is, the higher the level of social stratification, and vice versa.

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But the problem cannot be solved solely by keeping inflation in check. We need tougher taxation of mega [sverkhvysokiy] incomes that are channeled into personal consumption, combined with incentives to use them for investment purposes. Strict monitoring will be introduced to ensure that declared income information actually matches consumption expenditure—particularly as regards purchases of property—and a boost will be given to the development of consumer credit and the extensive dissemination of reliable and highly liquid state securities among the population.

A great deal will have to be done to actually safeguard **the human right to remuneration for work and protection from unemployment.**

An up-to-date Labor Code and legislative acts regulating solutions to collective labor conflicts are urgently needed. The rights of workers, particularly those employed in the nonstate sector, are poorly protected. It is only possible to overcome social contradictions effectively and democratically when the "state-trade unions-employers" triad functions meticulously. In our country the latter element clearly falls down.

But that is not all. New and, most importantly, noninflationary methods of stabilizing the labor market are needed. It is intended that this market should be made highly mobile, long-term unemployment reduced, and the creation of new jobs stimulated. Special attention should be paid to guarantees of employment at state enterprises and job placement for workers being released from bankrupt enterprises.

The problem of wages. The current situation, whereby the prices of goods are close to world prices but the price of labor is much lower than the world level, is clearly abnormal. **Cheap labor cannot be efficient.** There should be no new restrictions on earnings, and we will gradually lift the existing ones. This is a question of reducing the taxation of the consumption fund of enterprises.

The constitutional requirement regarding a minimum wage should be observed without fail at enterprises in any form of ownership, including those which are funded by local budgets. Obviously on condition that decisions on raising the minimum wage are adopted responsibly, with the possibilities of the federal and regional budgets taken into account.

The mass practice of the late payment of wages to workers, which grossly violates the inalienable rights of citizens, is intolerable. Tough legislative measures would be useful here. Chronic wages arrears should be viewed as the basis for instigating reorganization and bankruptcy procedures against the enterprises in question.

Serious changes are needed in the sphere of **social provision.**

A scheme for the reform of state pension provision has been prepared, envisaging its restructuring in accordance with the conditions of the market economy. Side by side with the development of a state system, it is urgently necessary to support the formation of other forms of pension provision.

The rapid expansion of the network of nonstate pension funds and the growth in the population's interest in participating in their activity demand the urgent adoption of legislation on nonstate pension provision.

We are eternally indebted to the elderly, their hard work and military feats. **1995 will be devoted to veterans of the Great Patriotic War.** The relevant decisions have been adopted, and compensation for the pensions of war veterans has notably been introduced. There is no doubt that these people will be given attention and material support by organs of power at all levels, Russian entrepreneurs, and public organizations. This is our sacred duty.

The adoption of the Federal Law "On State Allowances to Citizens With Children" must be speeded up; this will ensure the provision of an **allowance for all minors** dependent on their families. The government is to create a mechanism guaranteeing the timely payment of allowances for children in all components of the Russian Federation.

Despite certain positive results, **the right to housing** is not fully provided for. A proper housing market is still only in the formative stage.

The "Housing" targeted state program, approved by the government in 1993 and envisaging a complex of measures to improve housing conditions as well as the development of housing construction with the maximum involvement of the population's funds and supported by the state, will be carried out consistently.

Housing construction will remain a priority in structural policy. With the aim of increasing it on conditions accessible to the population, edicts of the president on housing certificates and housing credits have been adopted. These decisions have to be implemented in practice.

Russian citizens have the right to count on the restoration and protection of their savings. In 1995 we will move in two basic directions.

The first direction—a program for the restoration of the population's savings will be elaborated and will start being implemented. The main thing here is the top priority reimbursement of a significant proportion of the savings debt to the elderly.

The second direction—the creation of a special mechanism for insuring deposits in order to free investors from the risk of losing their money. The Central Bank should step up monitoring of the activity of commercial banks which use the population's funds. That is the only way a positive change in the structure of savings and their switch to bank investments can be achieved.

The enhancement of the reliability and stability of banks, the strengthening of confidence in their work, and a sufficient return on ruble investments will serve as the basis for reducing savings in foreign currency. The voluntary transfer of savings from foreign currency in cash to

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ruble bank deposits in 1995 will be an important source of financial resources for developing the economy.

The entire system of institutions providing for the accumulation of the population's savings and conducting investment activity—nonstate pension funds, investment companies, and others—must of course be developed (including by granting them special tax conditions).

Real progress must be achieved in all of these spheres in 1995. Constitutional norms determining the socioeconomic rights of the individual will be implemented. Then it will really be possible to reduce the social cost of reform. Then people will have more confidence in the future.

2.2. Support for Culture, Science, and Education

Our country's culture ensures the integrity of the nations and develops and strengthens genuine spirituality and humanism.

The past year has been a difficult one for Russian culture. It received just over half of the allocations envisaged by the budget.

The reconstruction of national assets such as the Hermitage and the Bolshoi Theater has run up against considerable difficulties. Museum collections and libraries are not being replenished to the extent they should be. Russian art and celebrated classics are being squeezed off the air and the television screens. Cultural institutions belonging to trade unions are frequently being forced to close down or be converted.

The pain of our cultural world cannot leave any of the state leaders indifferent; nor can the fate and difficult everyday existence of artists and supporters of the cause of museums, archives, and libraries. The average earnings of cultural workers are still lower than those of workers in other sectors of the social sphere.

The state's efforts have been aimed at solving the most important problem—ensuring the right of Russian citizens to participate in cultural life and make use of cultural institutions, and the right to have access to cultural assets.

Last year national artistic businesses were supported by edicts of the Russian Federation president, and the state's protectionist policy in the sphere of cinematography was determined. The safekeeping of immovable historical and cultural monuments being privatized was ensured. Special measures of support for particularly valuable objects of cultural heritage are continuing to be implemented.

The state pensions system for specially distinguished figures of culture and art and grants of the Russian Federation president awarded to literary and artistic figures specially for the period they are creating a particular work, have also played a positive role.

The little that the state has been able to do despite the difficult economic conditions is already bearing its first fruits. The practice of bans and persecutions has ended. State policy in the sphere of culture is based on the real diversity of artistic spheres, national artists schools, and the philosophical aspirations of the creators.

Despite all the difficulties and expenses, in the past year an active, dynamic process of the restructuring of Russian culture and its adaptation to the new reality has manifested itself distinctly.

Assessments of the state of affairs in our country's cultural life are currently excessively emotional, and sometimes real facts are not taken into consideration. For example, the number of students at music schools in Russia in 1994 went up by 250,000. These figures are just as telling as the completion of the reconstruction of the Tretyakov Gallery in Moscow and the Drama Theater in Astrakhan. The prestige of Russian art abroad continues to be high.

Despite the fact that it is specifically the state, both at federal and at regional level, that remains the main sponsor, our country's cultural life has become a mixed economy.

The state has preserved the network of theaters, museums, movie studios, libraries, and chamber and symphony orchestras. Along with them a considerable number of nonstate movie and video studios, art galleries, symphony orchestras, publishing houses, production firms and agencies, and art schools have been formed. Many of them have made a considerable contribution to the development of high culture by republishing works of classical literature, creating performances which revive national dramatic works, and organizing first-class exhibitions. The range of Russian patrons who support major artistic events and the everyday life of cultural establishments and work in close contact with the state is expanding.

Although in conditions of cultural pluralism the consumer is beset by low-grade output, Russians have undoubtedly acquired increased opportunities for access to true national and world cultural assets. Maybe never before in Russia has the book market been so full of publications by great Russian philosophers, historians, religious and secular thinkers, Russian literary geniuses, and representatives of the national literatures of our country's peoples who were banned until recently.

The state's top-priority task in the cultural sphere must be to formulate a legal base that accords with the new realities:

—providing incentives via tax concessions for nonstate funds to be channeled into the sphere of culture;
—promoting the safekeeping and security of the state's cultural assets;
—ensuring the possibility of creative labor and the right to a "liberal profession";
—increasing accountability for crimes against the country's cultural heritage.

An alarming situation has developed in the scientific sphere. The funds allocated by the state are not making it possible to preserve the volume and level of fundamental scientific studies. Enlisting nonstate funds in fundamental science—unlike applied science—is unlikely and does not

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on the whole resolve the task of funding. For most Federation components scientific funding represents an excessive burden.

But one is bound to notice the incipient processes of the new self-reorganization of science, particularly in the field of the social and economic sciences. Private business is already proving its worth via the rapid implementation of promising scientific ideas of practical significance. All these are reassuring signs not only of science's survival but also of its revival.

That is why it is vitally important to create a legal base for the scientific sphere in line with present-day conditions. It must enshrine the legal status of the scientific worker, the scientific organization, the temporary scientific collective, the independent association of scientific workers, the Russian Academy of Sciences. In order to regulate the activity of various innovation structures (foundations, engineering and innovation centers) and perform socioeconomic, defense, scientific-technical, nature conservation, and other tasks laws must be formulated on nonbudget support funds for science, culture, and education and on science parks [naukograd]. Our common task in 1995 is to carefully conceive these laws.

These and other measures must be aimed at resolving the strategic task of structurally reforming the entire scientific community within our country.

Despite the economic difficulties, the constitutionally enshrined right to **education** has largely been ensured. Guarantees of citizens' rights to free and generally accessible education were strengthened. This was promoted by the president's edict "On Guarantees of Russian Federation Citizens' Rights to Education."

State prizes are to be founded in the sphere of education in order to further stimulate scientific studies and innovative developments in this highly important sphere. It would be useful to support this approach at republic and regional levels.

The transition to self-development instruction [razvivayushcheye obucheniye], elective education, and variational education has become a reality. This has resulted in the creation of various courses, programs, and new-generation primers and the introduction of new ways of organizing the teaching process.

However, it is necessary to bolster legal guarantees of free and generally accessible preschool, general secondary, and vocational education with economic mechanisms and measures for the social protection of teaching staff, children, and adolescents.

The normal operation and development of education is inconceivable without an improvement in the legislative base.

It is necessary to:
—make amendments and addenda to the Russian Federation Law "On Education";
—remove the contradictions in a number of normative-legal acts which curb the development of education;
—resolve matters pertaining to the property of educational establishments, their departmental affiliation, and the full and timely funding of educational establishments.

The development of education is a subject of joint jurisdiction for central organs of government [upraveleniye], Federation components' governments and administrations, and local self-government organs. It is necessary to ensure equal opportunities to obtain an education for all young citizens regardless of the state of the local budget.

At the same time it is necessary to highlight:
—the continuation of work to delimit the responsibilities of educational management organs at various levels;
—the development of forms of state-social management;
—the broadening of the sphere of application of flexible management mechanisms which make provision for improving the certification of educational personnel and educational establishments and for the licensing of educational activity.

A huge role in school funding could be played by local education foundations, educational establishments' boards of trustees, and the use of a sensible system of tax concessions at both federal and regional levels.

Higher education today also performs moral and educational functions, trains specialists, and conducts scientific studies in all areas of science, technology, and production.

This happens against a backdrop of serious difficulties owing to inadequate and irregular funding. As a result there has been a sharp reduction in procurements of educational and scientific equipment and in the publication of primers and scientific literature, while the construction of new educational buildings and the development of the material-technical base have been drastically reduced.

However, definite steps have been taken toward formulating regional policy, developing multiple sources of funding, galvanizing the activity of higher educational establishments [VUZ's], and integrating universities into the international system of education and science.

The participation of VUZ science in the formation of an innovatory environment is particularly significant. Today over 2,000 innovation projects, which match and in a number of cases surpass their best foreign counterparts, are at the assimilation stage. Some 40 technology parks—the bulk of Russia's technology park structures—have been set up within the higher education system.

Educational centers destined to train and retrain managers and other specialists in the sphere of science-intensive enterprise are being created at VUZ's.

At the same time the educational system still patently fails to meet the requirements of the state and the emergent civil society, the needs of the economy and the legal sphere, and the regions' needs. The outdated structure of the educational system and the "outmoded nature" of

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educational programs result in the reproduction of cadres who are not not in demand on the labor market. In view of the threat of rising unemployment this acts as an additional source of social tension.

This kind of negative tendency is manifesting itself particularly acutely in the sphere of vocational-technical and secondary special education, which in many respects duplicate one another. They must be geared to the market, to the region's needs, to the tasks of retraining the laid-off and unemployed population. In turn organs of power must set them free from excessive, unproductive tutelage.

The emergent positive structural changes must not only be enshrined but also developed in 1995. The tremendous work of transforming the structure of higher education in line with the new state standard lies aheadd.

Changes in the content of the humanities must shape new moral guidelines and foster civic spirit, patriotism, and legal culture.

But the main task is not to lose the high quality of education.

It is important to take into consideration the fact that profound reform of the educational system is impossible without the resolution of three key problems, namely comprehensive updating of the content of education, particularly the humanities; the creation of an effective system of educational publishing based on an active state protectionist policy; and the dynamic retraining of educational personnel, particularly in the sphere of management.

2.3 Ensuring Citizens' Rights and Freedoms Throughout Russian Territory

Human rights and freedoms in a huge state like the Russian Federation have a territorial aspect. In any region of the country the citizen has the right to feel reliably protected by the Russian Federation Constitution. No regional laws and other normative acts of components of the Federation can encroach on the constitutional foundations of the individual's legal position. This field of Russia's legal space should be under the special control of the federal organs of state power. Regional differences in regulating citizens' rights are permissible only insofar as they reflect specific features of local traditions, customs, and daily life.

With the adoption of the Constitution and the start of the work of the Federal Assembly and of the legislative organs of many components of the Federation there has been a breakthrough in relations between the federal and regional authorities. Confrontation is to no avail. This has been promoted to a considerable degree by the social accord treaty signed by almost all components of the Federation. It has supplemented the constitutional model for building new federative relations.

But a number of important problems still remain unresolved. Intensive lawmaking has begun in the components of the Federation. The republics have adopted constitutions and work on the preparation of charters is developing increasingly widely in the oblasts, krays, and okrugs. That is a natural and positive process for the development of federalism in our country.

Yet the costs in the sphere of lawmaking are great. Not all the republics' constitutions fully accord with the norms of the Russian Constitution and the principles of international law. Some of them enshrine norms which encroach on the rights of "unlisted" nationalities. Almost all the republics have proclaimed the land, mineral resources, water, and flora and fauna to be exclusively the property of the peoples living on their territories. The sphere of jurisprudence in the majority of constitutions is assigned to the exclusive control of the republics.

Many republics adopted their own constitutions prior to 12 December 1993. The Russian Constitution created a fundamentally new legal space. And that requires the relevant changes to the republican constitutions.

The situation with regard to the kray and oblast draft charters is a little better. In their majority they are in need of careful checking to ensure they accord with the spirit and letter of the federal Constitution. Without that there cannot be genuine federalism, without that the country's unity and integrity cannot be strengthened.

Conciliation procedures are necessary with the participation of representatives of the federal organs of state power and the organs of state power of the republics, krays, and oblasts. The Federation Council has an important role to play in offering skilled assistance to to the legislative process in the components of the Federation. Since the formation of the Constitutional Court has ended, an opportunity has appeared to begin work on the examination of cases in accordance with the Russian Federation Constitution, the constitutions of the republics, and the charters, laws, and other normative acts of the components of the Federation.

The territorial aspect of citizens' rights and freedoms also has an economic side. It is unfair that some citizens should live worse than others not because they work worse but because they live in regions with poor economic conditions. That situation grossly violates human rights.

Great internal differences between regions are naturally inherent in large countries like Russia. That is an advantage for large countries and a powerful growth potential. This diversity opens up broad opportunities for the territorial division of labor and becomes an important factor in accelerated socioeconomic development. At the same time such differences are fraught with the danger of the formation of disproportions in regional development. It is these distortions which have become a birthmark of our history and economy.

The inhabitants of the constantly backward and depressed regions are not to blame for their territories' decline. For many decades the interests of individual regions have often been sacrificed to nationwide or even ideological interests. Now the state, primarily the federal organs of power, must compensate those regions for the damage caused.

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The existence of stagnant, crisis-ridden (depressed and backward) regions has an adverse effect on the development of all society. Insufficient use is made of natural and manpower resources, human potential, and the professional abilities of millions of people. Collaboration between individual parts of the country is complicated. Moreover, all this impacts on Russia's political and social stability.

An urgent task is the adoption of **a federal program for the development of depressed and backward regions.** Work on this program has been conducted intensively throughout the preceding year—a concept has been created and ways have been thought out for its implementation within the framework of Russia's overall regional policy. It is important that by this summer the program is fully ready. Then the appropriations necessary for its implementation will be put into next year's budget.

These appropriations should not become the subject of regional lobbying. There are effective mechanism, frequently tested in world practice, for the fair distribution of funds. The main one is financing on the basis of objective criteria, according to a pre-adopted formula. The Federation Council should play a special role in distributing appropriations and, most importantly, monitoring them.

A serious blow to the creation of uniform living conditions for Russians will be struck by the increase in transport charges (primarily for railroad journeys). It is having an adverse effect on the development of the domestic market, is impeding the emergence of potentially effective exporters onto the foreign markets, is leading to the curtailment of many regions' specialized sectors, and as a whole is making it more difficult to overcome the economic crisis.

That is particularly affecting the Far East. Over the Soviet period a comprehensive economy was not formed here and today the bulk of the output produced here is exported to other Russian regions, from which many necessities are imported. Market relations put the Far East in an extremely difficult position. Because of the immoderate growth of transport charges imports are beyond the pockets of local citizens and enterprises and their own output becomes uncompetitive on remote Russian markets.

The country cannot disregard the economy of the Far East, the resources of an enormous territory, and the labor of millions of our fellow citizens. The government must immediately embark, in close cooperation with the Far East authorities, on the search for a radical solution to this problem. Of course, it cannot be resolved instantly and budget subsidies for transport charges will not rectify the situation. Painstaking work is needed on the fundamental structural restructuring of the regional economy. This restructuring must be carried out primarily by the region itself and it is the state's duty to create all possible conditions for this.

Similar tasks face the government with regard to the Northern zone. It is time to decide what production facilities are the most promising, what volume of financial resources the state can and should allocate to support the northern territories, and what the optimum numerical strength of the population living in the Far North should be.

Citizens of the Russian Federation, irrespective of nationality and religious conviction, have the right to feel calm and confident in any region of the country.

Yet many problems have accumulated in the country, sometimes provoking ethnic hostility and mutual fear and distrust. There are forces interested in fueling separatism and ethnic hatred.

The government and the Federal Assembly must accelerate the completion of the elaboration of **a state program for nationalities policy (basic guidelines).** It should be based on the concept of national pluralism countering myths of national exclusiveness. Important elements of this program should be:

—the real ensuring of equal rights for a person irrespective of nationality;
—all-around assistance to the development of national cultures and various forms of the peoples' self-organization and dialogue between them;
—the creation of a reliable mechanism that actually operates to prevent and regulate ethnic conflicts.

Organs of state power at all levels and the public must pool efforts to deal a timely, tough rebuff to militant nationalism and to any manifestations of xenophobia or discrimination on ethnic, racial, or religious grounds.

It is necessary to step up state control over observance of human rights in the sphere of national relations and to enhance the effectiveness of the Prosecutor's Office in this sphere. Incitement to riot and involvement in riots must be prosecuted with all the severity of the law. The authorities' inability to institute proceedings against guilty persons inspires the organizers of riots to new unlawful actions.

Cultural, religious, business, and other interests arouse a natural desire for joint activity in people of one nationality who live in different parts of the state. The state must ensure favorable conditions for links of this kind (above all in the form of national-cultural associations), including in the sphere of use of the mother tongue, worship, and the information sphere. The creation of national-cultural associations will ensure a diversity of forms of the peoples' self-management.

A complex and painful process of consolidating multinational Russian society is under way today. The state's task is to help representatives of all peoples to formulate their own interests and to be aware of their responsibility in a unified multinational society. It is important to show concern for broadening the potential for self-realization in various spheres of state activity for representatives of all the country's peoples, without creating privileges or giving absolute priority to people's professional qualities.

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The consolidation of Russia's peoples is inconceivable without changes in the sphere of education and culture. Russia's future citizens must from childhood receive knowledge of the culture and traditions not only of their own people but also of its other peoples. Knowledge of culture and understanding of other peoples constitute a reliable barrier to national dissension.

We are obliged to **defend the rights of refugees and displaced persons.** This problem must be made one of the priorities. The government's task is to ensure the realization of the priority measures for the reception and placing of refugees and displaced persons provided for in the Federal Migration Program adopted last year. The elaboration of changes and additions to the Russian Federation Laws "On Displaced Persons" and "On Refugees" should be accelerated.

We must pay special attention to **our citizens and compatriots living abroad.** The necessary conditions must be created for those of them who wish to return to Russia.

2.4. Enhancing the Effectiveness of the Individual's Legal Protection

Russia well knows what the law of force is. Only it has to become aware of the force of law.

A new awareness of the law is only just being shaped in citizens. This has largely been conditioned not only by historical traditions but also by the modus operandi of the institutions of power and by the legal awareness of the people who represent them. A dangerous phenomenon for our development is thereby brewing: The rights of the individual, which have never in Russian history been regarded as a practical state priority, run the risk of remaining declarative. The authorities will continue to mention them in official documents, while the citizen will continue to feel his own lack of legal protection. In other words, the danger lies in the discreditation of the concept of "human rights" in social and political practice and, thus, in the discreditation of the very essence of the Russian Constitution.

Our state is still not so rich that it can materially ensure all constitutional human and civil rights and freedoms without exception at the highest level. Minimum state standards have not yet been formulated legislatively. But even when this happens, their actual substance will hardly satisfy at once the expectations of a high quality of life. Openness and honesty are most important in this sphere. People suffer far more from unwarranted promises, particularly at election time, than from an objective assessment of reality.

Practice shows, however, that even those rights and freedoms which do not require excessive financial backup are far from always reliably protected.

A citizen has the right to demand that the state ensure his **personal safety**—protection of life, health, dignity, and property. The state is still coping unsatisfactorily with this duty.

The federal program approved by the president's Edict No. 1016 of 24 May 1994 outlined a package of measures to combat crime—for the first time at a state level. But the sources for funding the program were never defined.

As a result, the program was implemented only partially, within the limits of the budget appropriations allocated to the Russian MVD in 1994. Things are no better this year either. The draft federal budget for 1995 provides for the allocation of just over one-fourth of the sum needed to implement the program.

It is within the area of responsibility of the government and the Federal Assembly to find a way out of the present situation without undermining the budget for 1995. In the final analysis, economies in the fight against crime are too costly for society as a whole and for every individual.

Not everything depends on funding, however. Public concern is aroused by the court practice of **passing unwarrantedly soft sentences and even acquitting** persons who have committed grave crimes. Above all, crimes against the individual for mercenary reasons (premeditated murders, violent attacks, kidnapping of children, and others). Permissiveness in respect of criminals turns into cruelty against their victims and against society as a whole.

The already difficult work of law-enforcement organs, which is associated with tremendous risk to their employees' lives and health, is rendered pointless by such sentences. Dual harm is caused to society: Criminals get off with a slight scare, while employees of law-enforcement organs have their morale undermined and lose heart.

The various structures of law-enforcement organs and organs of justice have accumulated enough mutual complaints. In these conditions it would evidently be expedient for these state institutions to ensure their coordination, which would contribute to the more effective working of the judiciary and the organs of the Prosecutor's Office, the MVD, the Tax Police, and the FCS in protecting citizens' personal and property safety. Of course, the court system is not part of the law-enforcement system. But this does not mean that people representing these two systems cannot have professional contacts for the sake of achieving the common task of ensuring the Russian citizens' right to safety.

Crime prevention and the fight against crime demand the speediest creation of the appropriate legal base. Russian lawmaking is still lagging substantially behind the requirements of legal regulation. The main normative acts in this sphere are the Criminal Code and the Code of Criminal Procedure.

The times now are such that unusual measures are needed, sometimes tough and painful measures, to curb crime and to normalize life in the country. But on no account must we cross the line beyond which human rights violations become a system and a way of life.

Gaps in legislation, however, do not justify shortcomings in the practical application of the law. This applies not only to the fight against crime but also to other spheres

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where a citizen's personal rights find themselves under threat. In its report on the observance of human and civil rights in the Russian Federation the Human Rights Commission under the Russian Federation president drew the conclusion that the state of affairs with regard to human rights observance remains unsatisfactory.

Another very important aspect of the building of a democratic society is **the creation of an efficient system to protect people from the arbitrariness of the state.** In this area too we have done considerably less than is required. Therefore we should not be surprised that a section of Russians is disillusioned with the very idea of democracy.

Apart from the objective complexities of the transitional period, this is largely accounted for by the fact that many people simply do not know how to champion their rights in the new conditions; to whom to turn in particular cases; what can and cannot be done; what are the responsibilities of various state organs in respect of defending citizens' rights. Society and the state are changing so quickly that it is extremely difficult for a person to feel at home in the social milieu surrounding him.

In order to help citizens to adapt to the new situation, the state can and must develop a **system for teaching** life under conditions of economic and political democracy.

Effective protection of citizens against officials' tyranny is impossible without a dramatic improvement in the quality of the work of the state apparatus. From this viewpoint the law regulating federal state service will be very important. We need a body of highly professional, nonpoliticized officials, without whom the effective operation of the modern state machine and thus the effective defense of citizens' rights and freedoms are simply inconceivable.

The citizen can by no means always painlessly and within a short time **restore his violated right or protect his legitimate interest.** It is not only a case of the incomplete nature of the legal base or shortcomings in the functioning of judicial organs. It is the duty of absolutely all state and municipal organs to defend the rights of the individual. Each of the state's systems is obliged to defend citizens' rights within the framework of their constitutional tasks and by their own inherent methods.

Today no one is preventing state and municipal organs from activating the whole available arsenal of organizational and juridical methods for the defense of citizens' rights and for the provision of legal aid. This does of course complicate the lives of state and municipal employees and officials. It is hard to get accustomed to the idea that not only the citizen but also the authorities are confined by the law. But our people have suffered and are suffering so much not in order to make life easier for the authorities but so that they themselves can finally begin leading a normal life. While preserving their personal dignity and being conscious that they are respected by everyone, no matter whom. The democratic principles of the law are primarily geared to this. Our state has already been a police state. The people turned their backs on it. Mainly because its essence—lack of legal rights for the individual—crushes human dignity.

Many people today complain about legislative deficiencies to justify their inactivity when it comes to defending civil rights. Particularly when it a question of a specific individual. That is an excuse. Article 15 of the Russian Federation Constitution unequivocally enshrines the idea that this fundamental act of the state "has supreme legal force and is direct-acting and applies throughout the territory of the Russian Federation." While according to Article 18 of the Constitution, "human and civil rights and freedoms are direct-acting."

Understandably, for most state employees it is kind of unusual at the moment to act directly on the basis of the law, never mind the Constitution, which was traditionally perceived in our country as a ceremonial declaration. For a long time the official mainly held sacred "directives," "orders," "circulars," and "directions." That is why one must remember such a fundamental avenue of legal policy as the **application of the Russian Federation Constitution as a direct-acting act.**

It is primarily organs of justice that should implement this key principle for the defense of human rights. This approach is moreover not only essential in their activity at a time when legal regulation is patently inadequate. It will also be essential when a developed system of legislation exists. Any court, unlike all other state organs, does not immediately view a law as an unconditional order but first assesses it from the viewpoint of its conformity with the Constitution. Often the fact that the law conflicts with the Constitution is only discovered during the examination of a specific case. In that case the court of common jurisdiction has the right to ask the Constitutional Court to verify the constitutionality of the law which has been applied or is liable to be applied in the case.

It is desirable for a plenum of the Russian Federation Supreme Soviet to consider in the near future the possibility of explaining the need to rely on the Russian Federation Constitution as a direct-acting act. Without the practical implementation of this principle in judicial activity citizens simply cannot expect effective defense of their constitutional rights and freedoms.

The system of organizational and juridical means of defending the rights of the individual is inconceivable without a ramified and accessible **legal aid** structure. However, such systems as **attorneys and notaries** which directly provide legal aid for citizens remain peripheral as far as state attention is concerned. As a result a dangerous bias has clearly emerged in this activity: a quest mainly for well-off clients to the detriment of those who are unable to pay for services "at the top rates."

One can see from the example of defense attorneys and notaries that by no means every system can be "released" to face the vagaries of market forces. At any rate, legal assistance to citizens does not belong to such systems. Private practice by defense attorneys and notaries is permissible and must even be welcomed, but only with strict state and muncipal control.

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The coexistence of and normal competition between private and state (municipal) systems of legal assistance to the population is optimal today. However, this sphere of legal assistance to citizens is by no means accorded proper attention everywhere. In Moscow, for example, the majority of state notaries are being ousted from their offices by private notaries. But the state notary service continues to bear the main burden in respect of providing legal services to people who do not have a large income.

It will be no encroachment on the reforms if the organs of power of the components of the Russian Federation and the organs of power of local self-government establish rules ensuring the **accessibility** of legal assistance to citizens and exercise strict supervision of their implementation.

The role of the power structures, specially at regional and local levels, in providing legal assistance to the population cannot, however, be exhausted by this. In setting up a ramified system of such assistance open support of those public organizations being set up specially to develop citizens' legal knowledge and render them assistance in reinstating a violated right or legal interest is, for example, an effective means of ensuring its accessibility and influencing citizens' sense of justice. All kinds of organizations for the protection of consumers' rights, the rights of children, the rights of suspects, environmental rights, and so forth are meant here.

Organs of state power and local self-govrnment could perfectly well institute tax benefits for such public structures. Even moral support for disinterested legal assistance to the population could help establish a new sense of justice and new legal practice.

Chapter 3: The Collaboration of State and Public Structures

3.1. Legislative Activity

Reforms in Russia cannot take place without a strong state and reliable law and order. A democratic state and a market economy permit only one diktat—the diktat of law. Such an approach to the legislative process was enshrined in the president's first Message to the Federal Assembly. It must remain unchanged in the future.

In 1994 the chambers of the Federal Assembly assumed a fitting place in our country's political system under the Constitution. The separation of powers enshrined in the Constitution did not turn into exhausting confrontation, and all the political institutions—the president, the chambers of the Federal Assembly, the government, and the courts—have shared the burden of responsibility for forming the legal basis for the country's further development.

About 100 federal laws adopted by the Federal Assembly **have been enacted. The adoption of the general section of the Civil Code and the federal constitutional Law on the Constitutional Court** is a most important achievement.

Ways of coordinating the legislative activity of the president, the Federation Council, the State Duma, and the Government have been found in practice. Coordination mechanisms have been set in motion. All this is only natural, because democracy cannot be reduced to juridical norms alone. It takes root in the political traditions and culture. The Constitution has stimulated their development. And 1994 was a year which saw the emergence of traditions which are fundamentallly new to the country's political practice.

However, a lot failed to get done. The erection of the support structures of the new legislation and the new state system was not completed. At the same time it is observable that legislative initiatives are unequal in value. The desire to adopt as many new laws as possible is understandable, but this is sometimes to the detriment of quality. The fact that political opportunism intrudes increasingly often in the lawmaking process is specially alarming.

Numerous alternative drafts are appearing and laws contradicting the Constitution and, of late, the Civil Code are being hastily approved. The Russian Federation president was forced to reject a considerable number of laws because they were juridically substandard. The presidential veto, such a major element in the system of the separation of powers, is turning from a means of coordinating political interests into an instrument of juridical control.

The main thing we failed to accomplish in 1994 was to arrange the logic of legal reform pertaining to the state as a whole in accordance with the Constitution. Neither the legislators nor the executive authorities had enough persistence and political will. The voice of the representatives of the judicial authorities was not heeded.

In 1994 draft laws were adopted in a fragmentary, unsystematic way, without elements of planning and logic. Even the executive authorities made inexcusably bad use of the proposals of the president's first Message to the Federal Assembly.

In 1995 it is vitally important to **establish consistent actions** in the sphere of legislation, to **continue creating** steady, reliable **mechanisms of collaboration.**

The chief priorities of those responsible for initiating legislation should be to be as exacting as possible when preparing draft laws and logical and discriminating when selecting laws for submission to the Federal Assembly.

So all those responsible for initiating legislation need to adjust their plans in accordance with the model of legislative work proposed by the State Duma. This program was drawn up in accordance with the proposals of the president, Federation Council, government, and components of the Federation.

Work should be concentrated on the 60 major draft laws enumerated in the first section of the State Duma program. The legislative priorities for 1995 are:

—federal constitutional laws. Not all the state institutions to provide for the implementation of the Constitution are up and running. It is important to finish

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work on the draft election laws. It is absolutely vital to complete the constitutional reform at the local self-government level;

—laws pertaining to the economic sphere. Above all the 1995 budget and tax legislation. It is equally important to reform the banking system and create a legal basis for regulating the securities market. We must get around to legislatively formalizing the monetary privatization program. A number of draft laws in the social sphere certainly fit into the priority category;

—laws on combatting crime and corruption, about which a great deal has been said. But by no means everything has been done yet in the sphere of judicial reform and criminal legislation;

—international treaties and agreements. It is necessary to maintain the pace built up last year, in order to consolidate Russia's place and role in the world and build relations with our immediate neighbors.

In order to carry out the task facing us we will have to impose limits on ourselves when it comes to initiating legislation. The main legislative reserve is work quality, observance of effective techniques, and precise interaction.

A number of practical measures should be implemented in order to realize legislative priorities.

1. Legislation must be made a systematic process. We now face the enormous task of preparing and publishing a Russian Federation Code of Laws. During this activity we must plug the holes in legal regulation and abolish obsolete legislative acts.

2. Legislation must be regulated. It is necessary to stem the flood of draft laws that have not been thoroughly analyzed and coordinated from the juridical viewpoint. A federal law must be introduced as soon as possible to determine the specific mechamism for implementing the constitutional right to initiate legislation and the procedure for adopting federal laws, including constitutional laws.

3. The practice of forming normative acts and updating existing codified laws in packages must be extensively employed. Chaotic drafting work has a knock-on effect, involving all those responsible for the legislative process, which hampers public control over the examination and adoption of laws.

4. Work must be coordinated at the early stages of the preparation of draft laws. All organs of authority must step up the organizational aspect and clearly reorientate their structures toward coordination and collaboration in draft work. As for the executive authorities, this question is rigorously monitored by the Russian Federation president. But the Federal Assembly has far from exploited all the reserves of specific work with presidential structures and the government on fundamental questions requiring new legislative solutions.

5. The workload of the recently created coordination mechanisms must be increased. There is no longer any need to create new commissions and other joint organms. The joint commission to coordinate legislative activity must work flat-out provided there is mutual responsibility for the implementation of the recommendations it adopts.

Inadequate use is being made of the Conciliation Commission's potential to implement the Treaty on Social Accord and the potential of its roundtables. The intention of the Russian Federation President's Public Chamber to carry out a preliminary public evaluation of major draft laws remains unrealized.

6. Draft laws must be coordinated with the components of the Russian Federation, particularly on subjects under the joint jurisdiction of Russia and the regions.

One year's practical implementation of the norms of the Constitution has revealed many problems. For example, State Duma and Federation Council deputies have now proposed introducing around 20 amendments to Chapters 3-8 of the Russian Federation Constitution. The amendments must be as balanced and as polished as possible, in order not to discredit the very idea of the constitutional structure of the state.

It is advisable to give the Joint Commission To Coordinate Legislative Activity the following tasks:

—collecting and consolidating proposals on amendments to the Constitution;

—formulating recommendations on the solution of procedural questions of the introduction and adoption of amendments.

Elaboration of a procedure for making amendments to the Constitution and its adoption by the Federal Assembly are a task for 1995.

3.2. Formation of the Judiciary

The most specific part of the state system for the protection of the law—the judiciary—is a full-fledged branch of the state authorities. It has played and is continuing to play a leading role in asserting the principle of the supremacy of the law in modern civilization. But this specific feature has been fully recognized neither in the state apparatus nor in society.

Let us be frank. We often still see the judicial system as a peripheral state institution. We forget that without a full-fledged judiciary the remaining branches of state power are ineffective, so the state system as a whole will remain unstable.

The sluggish judicial reform, the demeaning working conditions that still exist in courts, the absence of an integral legal base for the organization and activities of the judicial system, an inadequate number of judges—all these show an ignorance of the vital importance of courts to the normal life of society and the state.

Criticism could also be leveled at the judges themselves. In particular, it is no secret that by no means all judges are prepared to accept the altered principles of law and sometimes show their political predilections when examining cases. But this does not give grounds for postponing the actions of the legislative and executive branches.

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Both the president and the parliament will have to do a great deal more to exercise their constitutional powers to complete the formation of the normative base of the judicial system and the bench [sudeyskiy korpus]. But their current role in regard to the judicial system cannot be considered to have been carried out.

Nobody should infringe the independence of the judiciary, nor is anyone planning to. However, we must not go to the other extreme—of forgetting that each specific judicial system is constitutionally part of a single state authority. While remaining independent and subordinate only to the law, judges at the same time cannot disavow the tasks facing the state as a whole. Needless to say, this does not mean that judicial organs should turn a blind eye to violations of the Constitution and legislation by any state structure, or that they should be guided by political opportunism. **It is a question of the need to coordinate general positions without violating the spirit or the letter of the Constitution.**

Apart from the aforesaid problem of being insufficiently geared to the Russian Federation Constitution as the act with direct effect, the dynamic development of new social relations is being hampered by the **legal authorities' refusal to base their decisions on normative edicts from the Russian Federation president.**

The volume of upcoming legislative work is so enormous that any time soonparliament will not be able to meet the practical need for quality laws. Under these circumstances the president is obliged to fill the legal void with normative edicts of his own.

All the more so as there is a basis in constitutional law for this kind of presidential act.

First, presidential edicts are acts issued not by the head of the executive, but by the head of state. In other words, their absolutely law-governed [podzakonnyy] nature is not obvious. Needless to say, these edicts should not run counter to the Constitution or existing laws. But, given the existence of gaps in the law, it is entirely natural and legitimate for them to be made good with the help of normative acts from the head of state prior to the adoption of the corresponding laws.

Second, one of the president's constitutionally established prerogatives is to determine the main avenues of the country's domestic and foreign policy. It is clear that it is by no means only the president's annual message that should be considered a way of implementing this power.

Third, the need to implement the function of guarantor of the Constitution also makes it possible for the president to issue normative edicts to ensure the operation of the Russian Federation Constitution.

Thus, until the relevant laws are in place, presidential edicts remain a **full-fledged** legal basis for the emergence, ending, and changing of various social relations.

On this issue society and power structures are also entitled to expect corresponding explanations from top judicial authorities with a view to changing judicial practice. At the same time, procedures will be tightened up in the process of submitting drafts and adopting normative edicts issued by the Russian Federation president.

In order to raise the judiciary's prestige, guarantee its independence and high professionalism, and make using the courts an understandable and accessible means of protecting people's rights, it is necessary to complete this year the process of adopting laws on the organization of judicial activity—above all, laws on the Russian Federation judicial system, sentencing [ispolnitelnoye proizvodstvo], and the institution of bailiffs [sudebnyye pristavy].

The legal base alone, however, is unlikely to be successful in rapidly helping to bring about the formation of a full-fledged judiciary. It has already been said on many occasions that the prestige of the courts and the bench largely depends on the personnel involved and their material and financial provision. Nonetheless, an impermissibly small amount of work has been done in this sphere.

The executive still has a huge debt to the judiciary. By leaving it in a second-class position dependent on the favor of federal or regional figures, we are essentially undermining the foundations of our statehood. It is time to state definitely that the lack of effective judicial protection affects not just citizens but power structures themselves, statesmen, and officials. Without an authoritative justice system there will be constant returns to command methods of administration. Consequently, the authority of any state or municipal organ will be unprotected; officials will continue to be defenseless in the face of their superiors.

3.3. State Power and Social Institutions

The effectiveness of power in a democratic state depends not least on the quality of its interaction with civil society.

Over the past few years new institutions of civil society have been dynamically taking shape. More than 2,000 voluntary associations have appeared at the all-Russia level alone, not to mention local initiatives. These include social protection organizations, charitable associations, environmental movements, and social organizations in the sphere of science, culture, and education. The process of creating political parties and movements is rapidly under way. Professional associations are being transformed.

The state's duty with regard to civil society is to promote its formation and full-fledged functioning.

The task of providing state support for the institutions of a civil society was described in last year's presidential message to the Federal Assembly as an investment in the stability of a democratic state itself. This is our long-term goal. The progress toward it over the past year was insignificant.

As a result, there has been a lack of constructive interaction between social and state institutions. The inefficiency of state organs which are slowly getting to grips with their new functions under changing circumstances has had an effect, as has the inadequacy of the constructive efforts

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made by social associations to identify, coordinate, and mount a civilized defense of their interests.

There is still no legislative basis safeguarding the implementation of citizens' constitutional right to associate. No specific measures of material support by the state for socially important public initiatives have been created. There is no clear concept for the more lenient taxation of social associations—primarily in the sphere of charitable activity.

At the same time, the social associations themselves have not learned to consolidate their forces and to seek and find compromises. This, in particular, is why a law "On Political Parties" has still not been adopted.

In 1995 the task will be to switch the main avenues of the state's activity in supporting social institutions that were formulated in the previous message **to the level of organizational and legal techniques.** Efforts will be focused on the following:
—changing the practice of state organs' work with a view to their clearly carrying out their functions in respect of society;
—promoting the development of social institutions capable not only of coming up with initiatives but of getting them implemented;
—organizing reliable mechanisms for carrying on a dialogue between social and state structures.

It is important to support the development of voluntary associations of citizens, above all through legislation.

The draft law "On Social Associations" is the basis for this. Its concept is founded on the principle of freedom of association adopted in international law. At the same time, this law should guarantee the effective responsibility both of the associations themselves, irrespective of whether they are registered, and of citizens who abuse the constitutional right to associate.

The stability of a democratic state is built on the balance of the interests that have taken shape in society. Using world experience it is necessary to advance along the path of creating a normative base and ethical standards of civilized lobbyism as a system of professional representation for the interests of various social groups in the organs of state power and management. Society has the right to seek the adoption of the necessary decisions by all legal means.

Society and the state are extremely interested in the emergence of **a stable party system.** Laws on elections will determine whether our party system will continue to be a multiplicity of small parties representing few people or whether there will be the accelerated formation of large political organizations reflecting the interests of the main social groups and with powerful support in the regions.

The presence of all the necessary laws will not of itself resolve the task of collaboration between society and the state. The effectiveness of dialogue depends largely on the relevant psychological mood of the partners.

We must all finally understand that the diverse interests of different social groups have the right to state recognition and implementation in specific acts of state policy. There will be a need for constant **efforts to strengthen trust between state and social structures** on the basis of daily joint work.

In the sphere of the creation of norms it is expedient to make wider use of the potential of public findings. For that it is essential:
—to continue the practice of creating public councils to analyze proposals for the structures of a civil society;
—to ensure the maximum possible openness of the legislative process in representative organs of power of all levels;
—to expand the practice of commissioning feasibility studies for draft normative acts by public associations with knowledge and experience in the specific sphere of the subject to be regulated.

Daily collaboration between state organs and public institutions could already develop, in particular in the following avenues:
—ensuring for public associations a regime of openness in the process of elaborating and implementing social policy programs;
—setting up information exchange, particularly with regard to the protection of citizens' rights, the state of penal institutions, the solution of the problems of the homeless, the provision of amenities for refugees and enforced resettlers, the observance of ecological requirements, and the safeguarding of cultural values;
—working out mechanisms of state support for socially important initiatives;
—developing the practice of enlisting public associations to the fulfillment of state social programs on a specific basis providing for guarantees of quality and the monitoring of the use of state resources.

Democracy can be viable only if there exist in society **reliable mechanisms for rejecting extremist forces.**

The existence of extremist political organizations is directly banned by the Russian Constitution. The impermissibility of the activity of such organization was also mentioned in the president's first message to the Federal Assembly. But in 1994 the authorities did virtually nothing to halt political extremism, The Prosecutor's Office, the Internal Affairs Ministry, the Federal Counterintelligence Service, and the Ministry of Justice are displaying intolerable passiveness.

Many printed publications of a fascist and nationalist bent continue to be published in the country. Structures which train gunmen for extremist political organizations are operating.

Organizations openly using the fascist swastika as a symbol are nominating candidates for election to organs of state power and local self-management. All this is happening on the eve of the 50th anniversary of the victory over fascism in a country where tens of millions of citizens died at the

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Hitlerites' hands. You can only call the situation an outrage against the memory of the victims of the Great Patriotic War.

An end should be put to this. And here it is hardly possible to restrict ourselves merely to the law banning the propaganda of fascism, whose draft is being prepared in the State Duma. We must urgently adopt a package of measures for the effective struggle of the law enforcement organs against manifestations of political extremism, for the defense of Russian citizens' equal rights, and for the ensuring of political stability.

In this sphere it is expedient to create opportunities for the Constitution's direct operation. And here the Russian Federation Supreme Court has an important say.

A serious obstacle on the path to democracy is the lack in our country of a developed system **of rules and procedures for resolving conflicts and finding compromises** between different groups of society and between social groups and the state. In elaborating such a system it is hard to overestimate the role of the social accord treaty.

The foundations of a democratic state and a civil society are being created virtually simultaneously in our country. They should mutually support each other.

3.4. The Mass Media and Power

Relations between the mass media and the state institutions of power have become a key issue of Russia's political life.

The Russian journalists' union assessed the past year of 1994 as a period of the aggravation of relations between the country's power structures and the mass media. This confrontation has underlying historical reasons. There are also transient, political reasons.

The mass media have made a tremendous contribution to the struggle against totalitarianism. In the late eighties there was a struggle with state censorship for verbal and written freedom of speech. The first to make this breakthrough were **the mass media.** With the support of all society. But only journalists received the right to information while other citizens received the right to information via the mass media. This privileged position for journalists remains to this day.

Having won freedom for mass information the mass media became the first political opposition in the country representing a real independent force. This was justified and useful, although according to the canons of journalism that is not how it should be. But later, when a party political opposition had arisen and strengthened in Russia the mass media did not renounce their acquired but not inherent function.

It must be admitted that the reasons which intensified the confrontation which had emerged included some actions by the authorities. For instance, the habit, inherited by some parliamentarians from Soviet times, of instructing "the mirror of social life"—the mass media—as to how the reflection in that mirror should look. A number of draft laws in the sphere of regulating the mass media are conceptually rejected by journalists. Often the situation is aggravated by the insufficiently high quality of the legal technology of draft laws, which have to be stopped at subsequent stages.

The desire to subordinate the mass media can often be seen in the actions of the executive branch too. Together with methods of political and economic pressure there are known instances of preaching to journalists and of direct pressure on them and of insults to the inconvenient ones. Matters reached the point of physical pressure. This is borne out, for instance, by the materials of the foundation for the defense of glasnost relating to persecutions of journalists, especially the foundation's recent report on the persecution of journalists and the press in the period of the Chechen events.

The "fourth estate" has not remained in debt in the "war of nerves" which has been played out. It repays the legislative and executive branches with interest for their obvious and alleged sins. The tone of calm dialogue has been lost. As a rule the conversation is conducted in the language of diktat and ultimatums. Accusing others of violating legality, the mass media themselves often go beyond the legal framework.

The situation in which organs of power and the mass media have placed themselves is no longer tolerable. The way out is via compliance with the law and a common interest in overcoming confrontation.

The constitutional principle of freedom of mass information is immutable. Without this a democratic society cannot exist. The truthful word of the journalist is sometimes the last barrier to tyranny by officials, bureaucratic raging, the covering up of social ills, or deliberate disinformation.

Journalists' complete access to all socially significant information, openness and glasnost in the work of organs of power (with legally prescribed exceptions, of course, linked with state secrets and special methods of combatting crime) must be ensured. Informational openness must indeed be central to state policy in the field of the mass media, serve constructiveness, and reveal the real objectives and motives for the activity of all branches of power.

State information policy must also ensure firm support and protection for journalists. Journalism has indeed become a dangerous profession. Journalists must be protected from any kind of pressure, especially abuse and physical reprisals.

It is the civic and professional duty of journalists to promote the spiritual and moral rebirth of Russia and the strengthening of the democratic foundations of its statehood.

Concern for the moral state of society, primarily the moral health of young people, is a matter of special importance. Journalists' moral stance could also extend to the use of unscrupulous advertising and the violence, baseness, and indecency which has flooded the airwaves and the pages of

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a number of publications. Many mass media permit themselves to disregard the view of most Russians here.

The mass media must not have double standards or double morality with respect to the state and society. Given the constitutional principle of freedom of mass information, the principle of the impermissibility of abuse of this freedom and violation of media legislation must also apply.

Given goodwill, common sense, and responsibility on the part of organs of power and media workers all these problems are soluble.

The legislative basis of freedom of mass must be strengthened. The courts and law enforcement agencies must make more vigorous use of this base.

Many of the mass media need economic support. In this connection it is expedient to draw a clear distinction between state and independent media.

The intensification of the work of the state's information structures is an important source of untapped potential. In this connection thought should also be given to expanding the constructive experience of the Court of Appeal for Information Disputes Under the Russian Federation President—possibly creating a number of regional branches of this court on the basis of the inspectorates to protect freedom of mass information and the press.

There must be no pitting of the "fourth estate" against any of the others. The common task of all branches of power is to strengthen through cooperation Russian democracy and statehood.

Conclusion

Proclaiming the strengthening of institutions of power to be a priority task is not equivalent to strengthening the omnipotence of the bureaucratic regime. On the contrary, for the first time in our history we are striving to create in Russia a genuinely democratic, rule-of-law state. This will emerge only if a full-fledged civil society is formed in our country. This is a dual task, and its resolution requires the common efforts of all genuine patriots of Russia.

While laying the foundations of a new, democratic state system, the Constitution has still not started working to its full capacity. We can no longer defer the implementation of the package of measures to improve the effectiveness of state power mentioned in the Message.

First—the securing in practice of Russians' rights and freedoms. A society in which a person does not have political, economic, and social guarantees is incapable of resisting extremist demagoguery and recurrences of totalitarianism.

Second—the creation of an effective system of interaction among organs of executive, legislative, and judicial power.

Third—the ensuring of continuity in the democratic process. Russia's supreme organs of power have been formed democratically. But democracy in our country will only put down strong roots when the people's inalienable right to grant or withdraw a mandate for power by elections at the times stipulated by the Constitution becomes the norm.

Fourth—the implementation of the constitutional principles of federalism. Russia's unity and integrity does not infringe the rights of the components of the Federation. What is needed is, on the one hand, precise delimitation of the powers of federal organs of power and oblast, kray, and republic organs of power and, on the other, real equality of all the components of the Federation.

Fifth—the effective participation of the state in the economic process. The well-conceived use of economic and administrative instruments of state regulation will make it possible not only to ensure social stability and the formation of potential for economic growth, but also to raise Russia to front-line positions in the world economy.

Sixth—the ensuring of the effective functioning of the national security system. This primarily concerns the creation of a mechanism for decisionmaking within the national security sphere particularly in those cases where it is necessary to activate power structures. A system for coordinating the implementation of adopted decisions by all state structures is also equally important. Lastly, it is necessary to resolutely embark on the implementation of military reform, clearly laying down its priorities and parameters and eschewing ill-conceived decisions and improvisation.

Seventh—the definition of the Russian state's position in the world arena in line with our national interests. A great deal will be determined by the nature of our ties with the CIS states. On the basis of close mutually beneficial cooperation with them we will be able to develop our relations with the far abroad and articulate our approach to the resolution of key international problems.

The resolution of these tasks can only be ensured by joint actions on the part of all constructive political forces which hold dear the future of Russia in its striving for prosperity and democracy.

[Signed] Russian Federation President B. Yeltsin

[Dated] The Kremlin, Moscow, 16 February 1995

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